

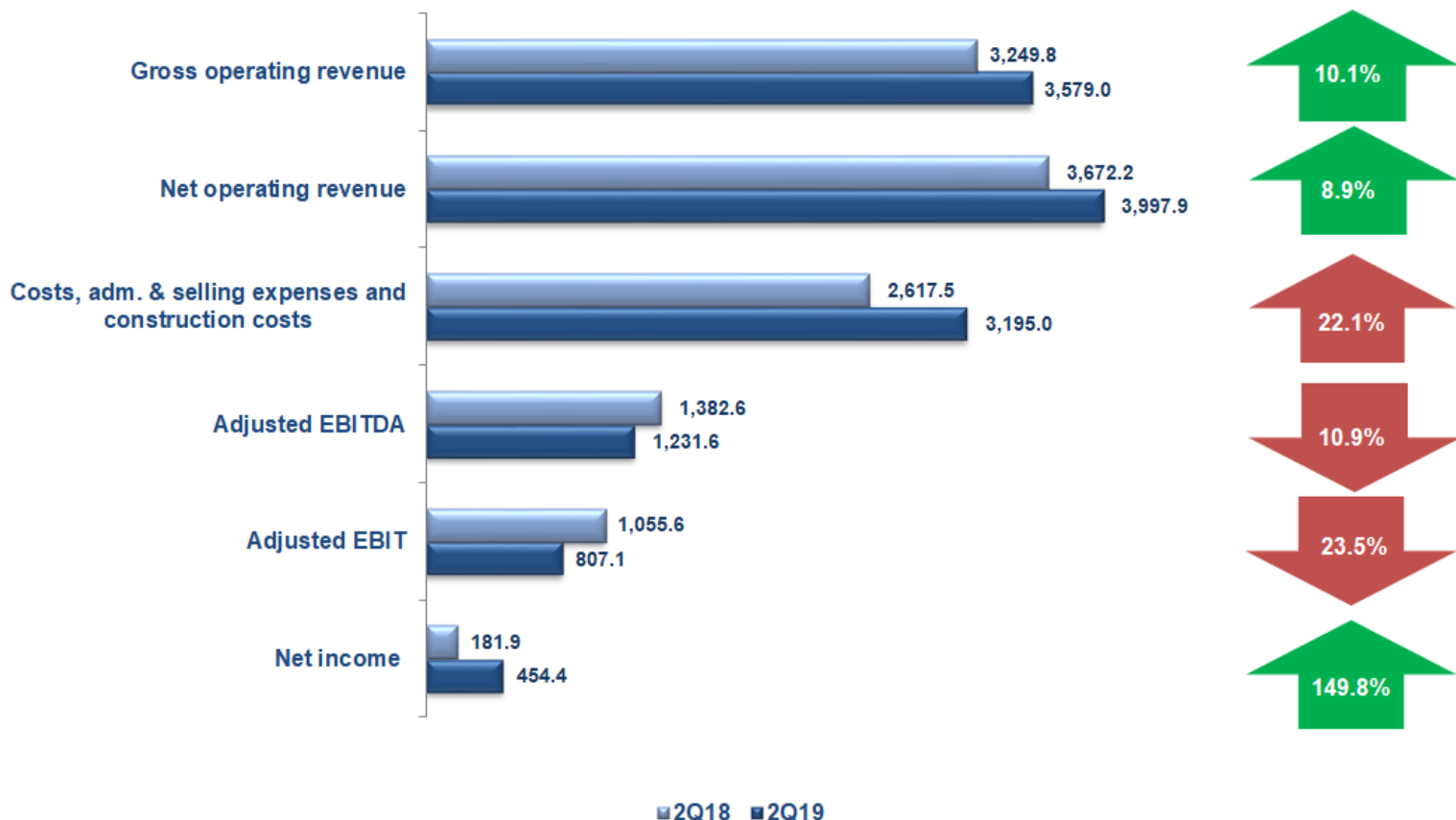
SABESP announces 2Q19 results

São Paulo, August 14, 2019 - **Companhia de Saneamento Básico do Estado de São Paulo - SABESP** (B3: SBSP3; NYSE: SBS), one of the largest water and sewage services providers in the world based on the number of customers, announces today its **2Q19 results**. The Company's operating and financial information, except when indicated otherwise is presented in Brazilian Reais, in accordance with the Brazilian Corporate Law. All comparisons in this release, unless otherwise stated, refer to the same period of 2018.

SBSP3: R\$ 55.96/share
SBS: US\$ 13.73 (ADR=1 share)
Total shares: 683,509,869
Market value: R\$ 38.249 billion
Closing quote: 08/14/2019



R\$ million



1. Financial highlights

	R\$ million							
	2Q19	2Q18	Var. (R\$)	%	1H19	1H18	Var. (R\$)	%
Gross operating revenue ¹	3,579.0	3,249.8	329.2	10.1	7,115.2	6,530.7	584.5	9.0
Construction revenue	688.5	667.0	21.5	3.2	1,292.0	1,314.2	(22.2)	(1.7)
COFINS and PASEP and TRCF taxes ²	(269.6)	(244.6)	(25.0)	10.2	(530.8)	(473.0)	(57.8)	12.2
(=) Net operating revenue	3,997.9	3,672.2	325.7	8.9	7,876.4	7,371.9	504.5	6.8
Costs and expenses	(2,522.0)	(1,965.5)	(556.5)	28.3	(4,678.5)	(3,964.2)	(714.3)	18.0
Construction costs	(673.0)	(652.0)	(21.0)	3.2	(1,263.0)	(1,284.7)	21.7	(1.7)
Equity result	4.2	0.9	3.3	366.7	6.0	3.7	2.3	62.2
Other operating revenue (expenses), net	(2.7)	16.3	(19.0)	(116.6)	5.1	27.8	(22.7)	(81.7)
(=) Earnings before financial result, income tax and social contribu	804.4	1,071.9	(267.5)	(25.0)	1,946.0	2,154.5	(208.5)	(9.7)
Financial result	(155.6)	(837.2)	681.6	(81.4)	(306.0)	(1,031.2)	725.2	(70.3)
(=) Earnings before income tax and social contribution	648.8	234.7	414.1	176.4	1,640.0	1,123.3	516.7	46.0
Income tax and social contribution	(194.4)	(52.8)	(141.6)	268.2	(538.3)	(361.0)	(177.3)	49.1
(=) Net income	454.4	181.9	272.5	149.8	1,101.7	762.3	339.4	44.5
Earnings per share* (R\$)	0.66	0.27			1.61	1.12		

(1) Includes Regulation, Control and Inspection Fee (TRCF), totaling R\$ 17.0 million in 2Q19 and R\$ 15.8 million in 2Q18.

(2) Includes TRCF transfer, totaling R\$ 15.1 million in 2Q19 and R\$ 13.5 million in 2Q18.

(*) Total shares = 683,509,869

Adjusted EBITDA Reconciliation (Non-accounting measures)

	R\$ million							
	2Q19	2Q18	Var. (R\$)	%	1H19	1H18	Var. (R\$)	%
Net income	454.4	181.9	272.5	149.8	1,101.7	762.3	339.4	44.5
Income tax and social contribution	194.4	52.8	141.6	268.2	538.3	361.0	177.3	49.1
Financial result	155.6	837.2	(681.6)	(81.4)	306.0	1,031.2	(725.2)	(70.3)
Other operating revenues (expenses), net	2.7	(16.3)	19.0	(116.6)	(5.1)	(27.8)	22.7	(81.7)
(=) Adjusted EBIT*	807.1	1,055.6	(248.5)	(23.5)	1,940.9	2,126.7	(185.8)	(8.7)
Depreciation and amortization	424.5	327.0	97.5	29.8	835.4	654.9	180.5	27.6
(=) Adjusted EBITDA **	1,231.6	1,382.6	(151.0)	(10.9)	2,776.3	2,781.6	(5.3)	(0.2)
(%) Adjusted EBITDA margin	30.8	37.7			35.2	37.7		

* Adjusted EBIT corresponds to net income before: (i) other operating revenues/expenses, net; (ii) financial result; and (iii) income tax and social contribution.

** Adjusted EBITDA corresponds to net income before: (i) depreciation and amortization expenses; (ii) income tax and social contribution; (iii) financial result; and (iv) other operating revenues/expenses, net.

In 2Q19, net operating revenue, which considers construction revenue, totaled R\$ 3,997.9 million, 8.9% up from 2Q18.

Costs and expenses, which consider construction costs, totaled R\$ 3,195.0 million, 22.1% up from 2Q18.

Adjusted EBIT, totaling R\$ 807.1 million, fell 23.5% from the R\$ 1,055.6 million reported in 2Q18.

Adjusted EBITDA, totaling R\$ 1,231.6 million, fell 10.9% from the R\$ 1,382.6 million reported in 2Q18 (R\$ 6,535.3 million in the last 12 months).

The adjusted EBITDA margin reached 30.8% in 2Q19, versus 37.7% in 2Q18 (39.4% in the last 12 months).

Excluding the effects of revenue and construction costs, adjusted EBITDA margin reached 36.8% in 2Q19, versus 45.5% in 2Q18 (46.9% in the last 12 months).

Net income totaled R\$ 454.4 million in 2Q19, versus net income of R\$ 181.9 million in 2Q18.

2. Gross operating revenue

The gross operating revenue related to sanitation services, in the amount of R\$ 3,579.0 million, which does not consider construction revenue, increased by R\$ 329.2 million, or 10.1%, from the R\$ 3,249.8 million in 2Q18.

The main factors that led to the increase were:

- 3.5% tariff repositioning index since June 2018 and 4.7% tariff adjustment since May 2019 with approximately 4% impact on operating revenue;

- 2.6% increase in total billed volume, as a result of a 0.2% decrease in the water billed volume and a 6.1% increase in the sewage billed volume; and
- Beginning of operations in the municipality of Guarulhos in January 2019, generating an increase of R\$ 90.6 million or 2.8% in operating revenue.

3. Construction revenue

Construction revenue increased by R\$ 21.5 million, or 3.2%, YoY, mainly due to higher asset investments in 2Q19.

4. Billed volume

The tables below show water and sewage billed volumes, quarter-over-quarter and YTD, according to the consumer category and region.

WATER AND SEWAGE BILLED VOLUME⁽¹⁾ PER CUSTOMER CATEGORY - million m³

Category	Water			Sewage			Water + Sewage		
	2Q19	2Q18	%	2Q19	2Q18	%	2Q19	2Q18	%
Residential	420.4	398.1	5.6	362.0	340.8	6.2	782.4	738.9	5.9
Commercial	43.7	41.7	4.8	42.7	40.4	5.7	86.4	82.1	5.2
Industrial	8.1	7.7	5.2	9.9	9.2	7.6	18.0	16.9	6.5
Public	11.4	10.5	8.6	10.2	9.4	8.5	21.6	19.9	8.5
Total retail	483.6	458.0	5.6	424.8	399.8	6.3	908.4	857.8	5.9
Wholesale ⁽³⁾	38.6	65.1	(40.7)	8.4	8.5	(1.2)	47.0	73.6	(36.1)
Total	522.2	523.1	(0.2)	433.2	408.3	6.1	955.4	931.4	2.6

Category	Water			Sewage			Water + Sewage		
	1H19	1H18	%	1H19	1H18	%	1H19	1H18	%
Residential	852.5	805.0	5.9	731.8	687.4	6.5	1,584.3	1,492.4	6.2
Commercial	87.4	83.8	4.3	84.9	80.4	5.6	172.3	164.2	4.9
Industrial	16.4	15.5	5.8	19.8	19.0	4.2	36.2	34.5	4.9
Public	21.8	20.1	8.5	19.5	18.1	7.7	41.3	38.2	8.1
Total retail	978.1	924.4	5.8	856.0	804.9	6.3	1,834.1	1,729.3	6.1
Wholesale ⁽³⁾	76.8	129.6	(40.7)	17.0	16.1	5.6	93.8	145.7	(35.6)
Total	1,054.9	1,054.0	0.1	873.0	821.0	6.3	1,927.9	1,875.0	2.8

WATER AND SEWAGE BILLED VOLUME⁽¹⁾ PER REGION - million m³

Region	Water			Sewage			Water + Sewage		
	2Q19	2Q18	%	2Q19	2Q18	%	2Q19	2Q18	%
Metropolitan	322.1	298.3	8.0	282.9	260.8	8.5	605.0	559.1	8.2
Regional ⁽²⁾	161.5	159.7	1.1	141.9	139.0	2.1	303.4	298.7	1.6
Total retail	483.6	458.0	5.6	424.8	399.8	6.3	908.4	857.8	5.9
Wholesale ⁽³⁾	38.6	65.1	(40.7)	8.4	8.5	(1.2)	47.0	73.6	(36.1)
Total	522.2	523.1	(0.2)	433.2	408.3	6.1	955.4	931.4	2.6

Region	Water			Sewage			Water + Sewage		
	1H19	1H18	%	1H19	1H18	%	1H19	1H18	%
Metropolitan	644.4	598.0	7.8	564.2	521.6	8.2	1,208.6	1,119.6	7.9
Regional ⁽²⁾	333.7	326.4	2.2	291.8	283.3	3.0	625.5	609.7	2.6
Total retail	978.1	924.4	5.8	856.0	804.9	6.3	1,834.1	1,729.3	6.1
Wholesale ⁽³⁾	76.8	129.6	(40.7)	17.0	16.1	5.6	93.8	145.7	(35.6)
Total	1,054.9	1,054.0	0.1	873.0	821.0	6.3	1,927.9	1,875.0	2.8

(1) Unaudited

(2) Including costal and interior regions

(3) Wholesale volumes of reuse water and non-domestic sewage

5. Costs, administrative & selling expenses and construction costs

Costs, administrative & selling expenses and construction costs increased by R\$ 577.5 million in 2Q19 (22.1%). Excluding construction costs, the increase was R\$ 556.5 million (28.3%).

Costs, administrative & selling expenses and construction costs as a percentage of net revenue was 79.9% in 2Q19, versus 71.3% in 2Q18.

	2Q19		2Q18		1H19		1H18		R\$ million	
	Var. (R\$)	%	Var. (R\$)	%	Var. (R\$)	%	Var. (R\$)	%	Var. (R\$)	%
Salaries and payroll charges and Pension plan obligations	771.6	680.2	91.4	13.4	1,452.6	1,310.1	142.5	10.9		
General supplies	71.4	53.9	17.5	32.5	128.8	108.9	19.9	18.3		
Treatment materials	75.7	61.4	14.3	23.3	162.4	137.4	25.0	18.2		
Services	454.4	319.5	134.9	42.2	876.5	696.7	179.8	25.8		
Electricity	279.5	228.8	50.7	22.2	562.6	450.7	111.9	24.8		
General expenses	339.2	222.1	117.1	52.7	530.9	468.3	62.6	13.4		
Tax expenses	24.9	14.5	10.4	71.7	40.7	30.5	10.2	33.4		
Sub-total	2,016.7	1,580.4	436.3	27.6	3,754.5	3,202.6	551.9	17.2		
Depreciation and amortization	424.5	327.0	97.5	29.8	835.4	654.9	180.5	27.6		
Allowance for doubtful accounts	80.8	58.1	22.7	39.1	88.6	106.7	(18.1)	(17.0)		
Sub-total	505.3	385.1	120.2	31.2	924.0	761.6	162.4	21.3		
Costs, administrative and selling expenses	2,522.0	1,965.5	556.5	28.3	4,678.5	3,964.2	714.3	18.0		
Construction costs	673.0	652.0	21.0	3.2	1,263.0	1,284.7	(21.7)	(1.7)		
Costs, adm & selling expenses and construction costs	3,195.0	2,617.5	577.5	22.1	5,941.5	5,248.9	692.6	13.2		
% of net revenue	79.9	71.3			75.4	71.2				

5.1. Salaries and payroll charges and Pension plan obligations

In 2Q19, there was an increase of R\$ 91.4 million, or 13.4%, due to the following:

- Increase of R\$ 44.6 million, mainly due to the addition of 619 employees since June 2018, (net of admissions and dismissals), the application of 1.0% referring to the Career and Salaries Plan (*Plano de Cargos e Salários*) in February 2019 and the 4.99% salary adjustment in May 2019;
- Increase of R\$ 29.0 million in medical expenses; and
- Higher overtime expenses, of R\$ 7.5 million.

5.2. General supplies

Increased by R\$ 17.5 million, or 32.5%, mainly due to the larger applications in the maintenance of water and sewage networks, systems and connections.

5.3. Treatment materials

Increase of R\$ 14.3 million, or 23,3%, due to:

- Greater need for application of oxygen and polymers in several Sewage Treatment Stations, in the amount of R\$ 6.1 million; and
- Greater need to use oxidizers and coagulants in water treatment, in the amount of R\$ 3.9 million, mainly in the ABV Water Treatment Station.

5.4. Services

Expenses with services increased by R\$ 134.9 million, or 42.2%, to R\$ 454.4 million, from the R\$ 319.5 million recorded in 2Q18, mainly due to:

- Higher expenses with third-party services, of R\$ 46.7 million, due to the beginning of operations in the Municipality of Guarulhos in January 2019;
- R\$ 25.5 million increase in maintenance services in water and sewage networks and connections;
- R\$ 12,4 million increase in maintenance services and IT technical support;
- Higher expenses with contracts to recover credits, of R\$ 9.5 million;
- Higher surveillance expenses, totaling R\$ 8.1 million;
- R\$ 6.8 million increase in meter reading and bill delivery expenses; and
- Higher expenses with paving and replacing of sidewalks, of R\$ 5.0 million.

5.5. Electricity

Electricity expenses totaled R\$ 279.5 million in 2Q19, up R\$ 50.7 million, or 22.2%, from the R\$ 228.8 million recorded in 2Q18. Of total electricity expenses, ACL accounted for 19.8%, TUSD for 16.5% and ACR for 63.7%.

The key factors that led to this variation were:

- Average decrease of 3.7% in energy prices of Free Market tariffs (*Ambiente de Contratação Livre – ACL*), with a 5.9% increase in consumption;
- Average upturn of 32.6% in Grid Market Tariffs (*Tarifas de Uso do Sistema de Distribuição – TUSD*), with a 2.0% increase in consumption; and
- Average increase of 11.1% in Regulated Market tariffs (*Ambiente de Contratação Regulada – ACR*), with a 12.5% increase in consumption.

5.6. General expenses

Increase of R\$ 117.1 million, or 52.7%, to R\$ 339.2 million in 2Q19, versus R\$ 222.1 million in 2Q18, mainly due to:

- Higher provisioning of lawsuits in 2Q19, totaling R\$ 52.3 million;
- Expenses related to the conclusion of lawsuits, due to the agreement entered into with the municipality of São Bernardo do Campo, in the amount of R\$ 39.0 million; and
- Higher provision for transfers to the São Paulo Municipal Fund for Environmental Sanitation and Infrastructure, in the amount of R\$ 9.7 million, due to higher revenue obtained in the municipality.

5.7. Tax expenses

Increase of R\$ 10.4 million, or 71.7%, mainly due to higher Property Tax (IPTU) expenses in 2Q19, in the amount of R\$ 9.0 million.

5.8. Depreciation and amortization

Depreciation and amortization expenses increased by R\$ 97.5 million, or 29.8%, due to the start-up of intangible assets, in the amount of R\$ 7.9 billion, of which R\$ 3.4 billion related to the São Lourenço Production System.

5.9. Allowance for doubtful accounts

Increase of R\$ 22.7 million, due to higher delinquency in 2Q19, with an impact of R\$ 53.5 million, partially offset by a higher number of agreements signed, in the amount of R\$ 30.8 million.

6. Other operating revenue (expenses), net

Other net operating revenue (expenses) fell by R\$ 19.0 million, due to:

- Non-recurring recovery of escrow deposits in 2Q18, in the amount of R\$ 10.9 million; and
- Non-recurring revenue from property expropriation in 2Q18, in the amount of R\$ 8.1 million.

7. Financial result

	<i>R\$ million</i>			
	2Q19	2Q18	Var.	%
Financial expenses, net of income	(176.0)	(66.9)	(109.1)	163.1
Net monetary and exchange variation	20.4	(770.3)	790.7	(102.6)
Financial result	(155.6)	(837.2)	681.6	(81.4)

7.1. Financial expenses, net of income

	<i>R\$ million</i>			
	2Q19	2Q18	Var.	%
Financial expenses				
Interest and charges on domestic loans and financing	(77.7)	(84.4)	6.7	(7.9)
Interest and charges on international loans and financing	(41.1)	(47.2)	6.1	(12.9)
Other financial expenses	(125.0)	(33.8)	(91.2)	269.8
Total financial expenses	(243.8)	(165.4)	(78.4)	47.4
Financial income	67.8	98.5	(30.7)	(31.2)
Financial expenses net of income	(176.0)	(66.9)	(109.1)	163.1

7.1.1. Financial expenses

Increase of R\$ 78.4 million, mainly due to:

- R\$ 91.2 million increase in other financial expenses, mainly as a result of: (i) the recognition of interest in 2Q19, in the amount of R\$ 53.9 million, due to the full start-up of the São Lourenço Production System in July 2018; and (ii) higher recognition of interest on lawsuits, in the amount of R\$ 24.1 million.
- R\$ 6.7 million decrease in interest and charges on domestic loans and financing, mainly due to the amortization of 15th, 17th and 20th debentures issued; and
- R\$ 6.1 million decrease in interest and charges on foreign loans and financing, mainly due to: (i) partial debt amortization in foreign currency; and (ii) 1.7% depreciation of the US dollar against the Brazilian real in 2Q19, compared to a 16.0% appreciation in 2Q18 and lower appreciation of the Yen against the Brazilian real in 2Q19, of 0.9%, compared to the 11.4% appreciation recorded in 2Q18.

7.1.2. Financial income

Decrease of R\$ 30.7 million, mainly due to the higher recognition of interest on installment agreements in 2Q18, of R\$ 25.3 million.

7.2. Monetary and exchange variation, net

	<i>R\$ million</i>			
	2Q19	2Q18	Var.	%
Monetary exchange rate variation on liabilities				
Monetary variation on loans and financing	(13.3)	(12.7)	(0.6)	4.7
Currency exchange variation on loans and financing	58.8	(797.3)	856.1	(107.4)
Other monetary variations	(51.1)	(6.0)	(45.1)	751.7
Monetary/exchange rate variation on liabilities	(5.6)	(816.0)	810.4	(99.3)
Monetary/exchange rate variation on assets	26.0	45.7	(19.7)	(43.1)
Monetary/exchange rate variation, net	20.4	(770.3)	790.7	(102.6)

The effect of net monetary and exchange variation in 2Q19 was R\$ 790.7 million lower than in 2Q18, highlighting the R\$ 856.1 million decrease of exchange variation on loans and financing, as a result of the 1.7% depreciation of the US dollar against the Brazilian real in 2Q19, compared to a 16.0% appreciation in 2Q18, as well as the lower appreciation of the Yen against the Brazilian real in 2Q19 (0.9%), compared to the 11.4% appreciation recorded in 2Q18.

8. Income tax and Social contribution

The R\$ 141.6 million increase was due to higher taxable income in 2Q19, mainly affected by lower exchange variation expenses and higher operating revenue, partially mitigated by higher costs and expenses.

9. Indicators

9.1. Operating

Operating indicators *	2Q19	2Q18	%
Water connections ⁽¹⁾	9,546	8,957	6.6
Sewage connections ⁽¹⁾	7,961	7,395	7.7
Population directly served - water ⁽²⁾	26.3	24.9	5.6
Population directly served - sewage ⁽²⁾	22.9	21.7	5.5
Number of employees	14,156	13,537	4.6
Water volume produced in the quarter ⁽³⁾	719	695	3.5
Water volume produced in 6M ⁽³⁾	1,430	1,396	2.4
IPM - Measured water loss (%) ⁽⁴⁾	29.8	30.0	(0.7)
IPDt (liters/connection x day) ⁽⁴⁾	291	293	(0.7)

(1) Total connections, active and inactive, in thousand units at the end of the period.

(2) In million inhabitants, at the end of the period. Does not include wholesale.

(3) In millions of cubic meters.

(4) Does not include Guarulhos

(*) Unaudited.

9.2. Economic

Economic Variables at the close of the period*	2Q19	2Q18
Amplified Consumer Price Index ⁽¹⁾	0.71	1.89
National Consumer Price Index ⁽¹⁾	0.76	2.08
Consumer Price Index ⁽¹⁾	0.42	1.17
Referential Rate ⁽¹⁾	0.0000	0.0000
Interbank Deposit Certificate ⁽²⁾	6.40	6.39
US DOLAR ⁽³⁾	3.8322	3.8558
YEN ⁽³⁾	0.0355	0.0348

(1) Annual accrual, in %

(2) Annual average

(3) Ptax sale rate on the last day

(*) Unaudited

10. Loans and financing

In July, it was concluded the 24th Debenture Issuance, the Company's first "infrastructure debentures", regulated by Law 12,431/11. The R\$ 400 million raised will be allocated to infrastructure investments related to adjustment and modernization of water supply systems in 71 municipalities, in order to reduce water loss index in said systems.

Information on the 24th Debenture Issuance:

Series 1 – Amortization : 7th year

- Volume: R\$ 100,000,000.00
- Remuneration: IPCA + 3.20% p.a.

Series 2 – Amortization: years 8/9/10

- Volume: R\$ 300,000,000.00
- Remuneration: IPCA + 3.37% p.a.

R\$ thousand

INSTITUTION	DEBT PROFILE							TOTAL
	2019	2020	2021	2022	2023	2024	2025 onwards	
Local Currency								
Caixa Econômica Federal	38,966	80,308	84,543	89,109	81,712	80,210	918,243	1,373,091
Debentures	89,341	598,336	483,082	562,162	365,190	699,048	527,680	3,324,839
BNDES	68,328	118,347	117,895	117,895	112,188	106,712	491,703	1,133,068
Leasing	10,172	38,567	40,430	42,455	45,334	47,119	346,863	570,940
Leasing (IFRS 16)	23,515	44,757	20,866	327	61	-	-	89,526
Others	692	1,384	1,384	1,384	1,384	1,384	1,268	8,880
Interest and other charges	34,663	18,024	-	-	-	-	-	52,687
Total Local Currency	265,677	899,723	748,200	813,332	605,869	934,473	2,285,757	6,553,031
Foreign Currency								
IADB	80,838	161,676	161,676	161,676	161,676	161,676	1,369,041	2,258,259
IBRD	11,649	23,298	23,298	23,298	23,298	23,298	221,407	349,546
Deutsche Bank	143,218	-	-	-	-	-	-	143,218
Eurobond	-	1,340,034	-	-	-	-	-	1,340,034
JICA	77,113	147,108	147,108	147,108	147,108	147,108	1,245,031	2,057,684
IDB 1983AB	-	67,255	29,478	29,478	28,050	-	-	154,261
Interest and other charges	50,241	-	-	-	-	-	-	50,241
Total in Foreign Currency	363,059	1,739,371	361,560	361,560	360,132	332,082	2,835,479	6,353,243
Total	628,736	2,639,094	1,109,760	1,174,892	966,001	1,266,555	5,121,236	12,906,274

11. Capex

R\$ 739.6 million was invested in 2Q19 totaling R\$ 1.5 billion in the first half of the year.

12. Conference calls

In English

August 16, 2019 - Friday

1:00 pm US ET / 2:00 pm (Brasília)

Dial in: + 1 (412) 317-6346

Conference ID: Sabesp

Replay available for 7 days

Dial in: +1 (412) 317-0088

Replay ID: 10133340

[Click here](#) for the webcast

In Portuguese

August 16, 2019 – Friday

9:30 am US ET / 10:30 am (Brasília)

Dial in: +55 (11) 3181-8565

Conference ID: Sabesp

Replay available for 7 days

Dial in: +55 (11) 3193-1012

Replay ID: 8133341#

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Income Statement

Brazilian Corporate Law	R\$ '000	
	2Q19	2Q18
Net Operating Income	3,997,910	3,672,234
Operating Costs	(2,563,979)	(2,152,364)
Gross Profit	1,433,931	1,519,870
Operating Expenses		
Selling	(203,169)	(167,339)
Estimated losses with doubtful accounts	(80,815)	(58,067)
Administrative expenses	(347,097)	(239,735)
Other operating revenue (expenses), net	(2,701)	16,320
Operating Income Before Shareholdings	800,149	1,071,049
Equity Result	4,221	877
Earnings Before Financial Results, net	804,370	1,071,926
Financial, net	(215,705)	(42,091)
Exchange gain (loss), net	60,128	(795,143)
Earnings before Income Tax and Social Contribution	648,793	234,692
Income Tax and Social Contribution		
Current	(246,124)	25,238
Deferred	51,706	(78,044)
Net Income for the period	454,375	181,886
Registered common shares ('000)	683,509	683,509
Earnings per shares - R\$ (per share)	0.66	0.27
Depreciation and Amortization	(424,538)	(326,987)
Adjusted EBITDA	1,231,608	1,382,593
% over net revenue	30.8%	37.7%

Balance Sheet

Brazilian Corporate Law		R\$ '000	
ASSETS	06/30/2019	12/31/2018	
Current assets			
Cash and cash equivalents	2,663,892	3,029,191	
Trade receivables	1,964,557	1,843,333	
Related parties and transactions	170,783	174,148	
Inventories	120,393	65,596	
Restricted cash	24,670	31,900	
Current recoverable taxes	204,554	380,703	
Other receivables	78,612	77,371	
Total current assets	5,227,461	5,602,242	
Noncurrent assets			
Trade receivables	187,523	209,083	
Related parties and transactions	670,879	669,102	
Escrow deposits	166,304	152,018	
Water National Agency – ANA	43,798	49,136	
Other receivables	112,655	103,310	
Equity investments	60,819	44,587	
Investment properties	47,595	47,620	
Contract assets	7,038,088	7,407,948	
Intangible assets	30,145,498	29,012,460	
Property, plant and equipment	283,957	267,612	
Total noncurrent assets	38,757,116	37,962,876	
Total assets	43,984,577	43,565,118	
LIABILITIES AND EQUITY	06/30/2019	12/31/2018	
Current liabilities			
Trade payables	454,105	465,993	
Borrowings and financing	1,523,541	2,103,612	
Accrued payroll and related charges	548,023	564,830	
Taxes and contributions	272,519	200,563	
Dividends and interest on capital payable	573	673,765	
Provisions	487,043	458,387	
Services payable	495,394	454,022	
Public-Private Partnership – PPP	124,198	137,827	
Program Contract Commitments	368,801	230,695	
Other liabilities	176,325	108,938	
Total current liabilities	4,450,522	5,398,632	
Noncurrent liabilities			
Borrowings and financing	11,382,733	11,049,184	
Deferred income tax and social contribution	242,960	261,242	
Deferred Cofins and Pasep	140,622	140,830	
Provisions	445,787	434,475	
Pension obligations	3,001,479	2,970,009	
Public-Private Partnership – PPP	3,250,911	3,275,297	
Program Contract Commitments	121,309	142,314	
Other liabilities	355,231	341,447	
Total noncurrent liabilities	18,941,032	18,614,798	
Total liabilities	23,391,554	24,013,430	
Equity			
Paid-up capital	15,000,000	15,000,000	
Profit reserve	5,040,452	5,100,783	
Other comprehensive income	(549,095)	(549,095)	
Retained earnings	1,101,666	-	
Total equity	20,593,023	19,551,688	
Total equity and liabilities	43,984,577	43,565,118	

Cash Flow

Brazilian Corporate Law	R\$ '000	
	Jan-Jun 2019	Jan-Jun 2018
Cash flow from operating activities		
Profit before income tax and social contribution	1,639,993	1,123,364
Adjustment for:		
Depreciation and amortization	835,401	654,886
Residual value of property, plant and equipment and intangible assets written-off	14,192	13,784
Allowance for doubtful accounts	88,575	106,698
Provision and inflation adjustment	159,872	50,040
Interest calculated on loans and financing payable	273,784	256,304
Inflation adjustment and foreign exchange gains (losses) on loans and financing	(28,631)	941,692
Interest and inflation adjustment losses	21,874	16,025
Interest and inflation adjustment gains	(21,076)	(39,672)
Financial charges from customers	(152,075)	(148,191)
Margin on intangible assets arising from concession	(29,049)	(29,548)
Provision for Consent Decree (TAC) and Knowledge retention program (KRP)	15,426	51,730
Equity result	(5,985)	(3,694)
Provision from São Paulo agreement	(1,076)	114,498
Pension obligations	133,720	121,784
Other adjustments	119,421	12,442
	3,064,366	3,242,142
Changes in assets		
Trade accounts receivable	(40,291)	21,491
Accounts receivable from related parties	19,411	32,345
Inventories	(54,797)	20,828
Recoverable taxes	176,149	(51,061)
Escrow deposits	(6,906)	1,089
Other accounts receivable	9,197	(45,628)
Changes in liabilities		
Trade payables and contractors	(331,681)	(248,804)
Services payable	42,448	(103,685)
Accrued payroll and related charges	(32,233)	(60,877)
Taxes and contributions payable	(109,030)	(44,327)
Deferred Cofins/Pasep	(208)	724
Provisions	(119,904)	(132,384)
Pension obligations	(102,250)	(101,094)
Other liabilities	80,499	91,237
Cash generated from operations	2,594,770	2,621,996
Interest paid	(390,247)	(360,993)
Income tax and contribution paid	(369,156)	(307,293)
Net cash generated from operating activities	1,835,367	1,953,710
Cash flows from investing activities		
Acquisition of contract assets and intangible assets	(901,495)	(801,502)
Restricted cash	7,230	5,024
Purchases of tangible assets	(28,614)	(12,572)
Increase in investment	223	(655)
Cash receipts from the sale of assets	-	8,131
Net cash used in investing activities	(922,656)	(801,574)
Cash flow from financing activities		
Loans and financing		
Proceeds from loans	1,150,807	1,085,460
Repayments of loans	(1,476,152)	(975,245)
Payment of interest on shareholders' equity	(739,990)	(653,393)
Public-Private Partnership – PPP	(211,253)	(27,786)
Program Contract Commitments	(1,422)	(31,484)
Net cash used in financing activities	(1,278,010)	(602,448)
Cash reduce and cash equivalents	(365,299)	549,688
Represented by:		
Cash and cash equivalents at beginning of the year	3,029,191	2,283,047
Cash and cash equivalents at end of the year	2,663,892	2,832,735
Cash reduce and cash equivalents	(365,299)	549,688