

CIA. DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO - SABESP

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SABESP announces 3Q20 results

São Paulo, November 12, 2020 - 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 **third quarter 2020 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 2019.

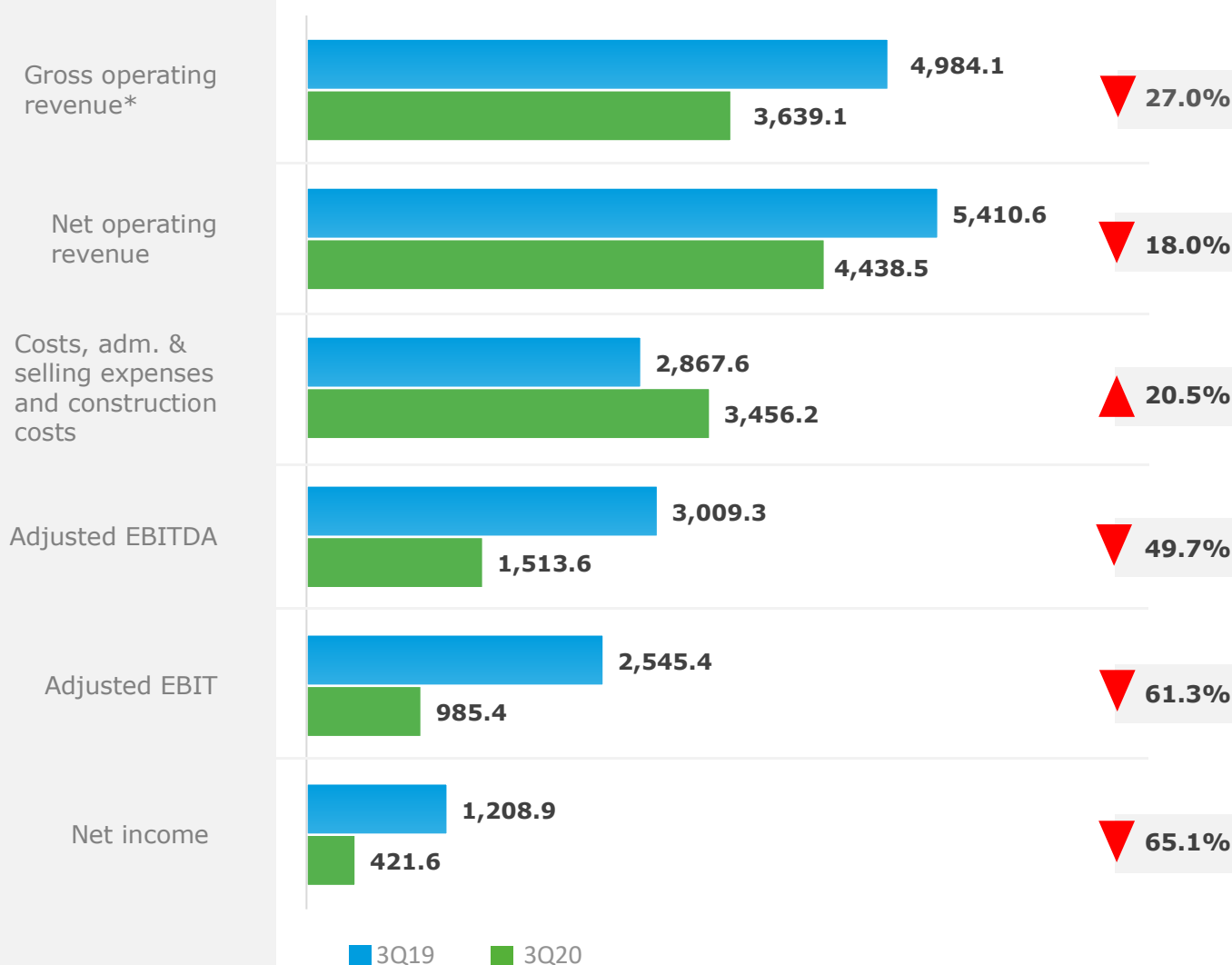


SBSP3: R\$ 44.90/share
SBS: US\$ 8.20 (ADR=1 share)
Total shares: 683,509,869
Market value: R\$ 31.68 billion
Closing quote: 11/12/2020

SBSP
B3 LISTED NM

SBS
LISTED
NYSE

R\$ million



(*) Does not include construction revenue

1. Quarter Highlights

The Company recorded net income of R\$421.6 million in 3Q20, compared to net income of R\$1,208.9 million in 3Q19, a decrease of R\$787.3 million.

Adjusted EBITDA totaled R\$1,513.6 million, a decrease of R\$1,495.7 million over the R\$3,009.3 million reported in 3Q19.

The main highlights of the 3Q20 result were:

a) Economic instability worsened by COVID-19

The economic instability worsened by COVID-19 brought reflexes for the Company, especially:

- (i) reduction in revenues from commercial and industrial customers, in the amount of approximately R\$275 million, partially offset by the increase in residential category in the amount of R\$243.0 million;
- (ii) postponement of the tariff adjustment, with estimated impact of R\$65.6 million on operating revenue. The reposition of this impact has already been authorized by ARSESP and started in August 2020;
- (iii) payment exemption for customers in the "Residencial Social" and "Residencial Favela" categories, in the approximate amount of R\$51.6 million;
- (iv) increase in the level of delinquency, with an impact of R\$75.1 million in allowance for doubtful accounts;
- (v) exchange rate volatility, increasing expenses with exchange variation of R\$111.0 million, and
- (vi) donation of 110 thousand basic food baskets, in the amount of R\$12.4 million.

b) Reduction to foreign currency exposure

The Company adopted the following measures during 2020, aiming to reduce exposure to foreign exchange exposure:

- On April 28, 2020, it completed the conversion of an outstanding loan, in the amount of US\$494.6 million to R\$2,810.9 million with the Inter American Development Bank (IDB); and
- On September 30, 2020, the Company amortized its outstanding Eurobonds, in the amount of R\$1,910.1 million (US\$350.0 million).

c) Operation in the municipality of Santo André

The operation in the municipality of Santo André, started in August 2019, represented a reduction of R\$1,204.6 million in gross operating revenues and an increase of R\$84.3 million in expenses in 3Q20, when compared to 3Q19, as follows:

		<i>R\$ million</i>		
Impacts of Santo André		3Q20	3Q19	Var.
	Revenue - Wholesale ⁽¹⁾	-	1,261.7	(1,261.7)
	Revenue - Retail ⁽²⁾	87.1	30.0	57.1
(=)	Total Revenue	87.1	1,291.7	(1,204.6)
	COFINS and PASEP	(6.1)	(70.8)	64.7
(=)	Net Revenue	81.0	1,220.9	(1,139.9)
	Costs and Expenses ⁽³⁾	(37.2)	(9.8)	(27.4)
	Allowance for doubtful accounts ⁽⁴⁾	(5.4)	51.5	(56.9)
(=)	Total Expenses	(42.6)	41.7	(84.3)
(=)	Net effect	38.4	1,262.6	(1,224.2)

1. Non-recurring revenue in 2019 results from the formalization of the agreement
2. Refers to billing from retail operation
3. Costs and expenses, relates to the operation (excludes indirect costs and expenses)
4. Reversal of non-recurring allowance for doubtful accounts results in 3Q19, from the formalization of the agreement

d) TAC - Retirees

On February 20, 2009, SABESP and the Public Prosecution Office of the State of São Paulo signed a Conduct Adjustment Term (TAC), in which the Company pledged to promote the gradual dismissal of retired employees. As a result of this TAC, the Company recorded a provision for the dismissal of these employees.

On October 11, 2019, the Public Prosecution Office closed the case regarding the TAC given its understanding that the legal requirements were achieved. Therefore, the Company reversed R\$173.3 million in the Salaries and payroll charges and Pension plan obligations account in 3Q19, which was recorded as a non-recurring event.

e) Signature of a Program agreement with the Municipality of Guarujá

In 3Q19, non-recurring expenses related to the conclusion of legal proceedings were recognized, arising from the signing of an agreement with the municipality of Guarujá, in the amount of R\$46.9 million.

2. Financial Highlights

		<i>R\$ million</i>							
		3Q20	3Q19	Var. (R\$)	%	9M20	9M19	Var. (R\$)	%
	Gross operating revenue	3,639.1	4,984.1	(1,345.0)	(27.0)	11,105.6	12,099.3	(993.7)	(8.2)
	Construction revenue	1,053.4	699.5	353.9	50.6	2,594.5	1,991.5	603.0	30.3
	COFINS and PASEP/TRCF taxes	(254.0)	(273.0)	19.0	(7.0)	(786.7)	(803.8)	17.1	(2.1)
(=)	Net operating revenue	4,438.5	5,410.6	(972.1)	(18.0)	12,913.4	13,287.0	(373.6)	(2.8)
	Costs and expenses	(2,426.5)	(2,183.9)	(242.6)	11.1	(7,319.3)	(6,862.3)	(457.0)	6.7
	Construction costs	(1,029.7)	(683.7)	(346.0)	50.6	(2,535.2)	(1,946.7)	(588.5)	30.2
	Equity result	3.1	2.4	0.7	29.2	9.6	8.3	1.3	15.7
	Other operating revenue (expenses), net	0.8	13.2	(12.4)	(93.9)	113.3	18.3	95.0	519.1
(=)	Earnings before financial result, income tax and social contribution	986.2	2,558.6	(1,572.4)	(61.5)	3,181.8	4,504.6	(1,322.8)	(29.4)
	Financial result	(330.6)	(719.9)	389.3	(54.1)	(2,986.4)	(1,026.0)	(1,960.4)	191.1
(=)	Earnings before income tax and social contribution	655.6	1,838.7	(1,183.1)	(64.3)	195.4	3,478.6	(3,283.2)	(94.4)
	Income tax and social contribution	(234.0)	(629.8)	395.8	(62.8)	(53.6)	(1,168.1)	1,114.5	(95.4)
(=)	Net income	421.6	1,208.9	(787.3)	(65.1)	141.8	2,310.5	(2,168.7)	(93.9)
	Earnings per share* (R\$)	0.62	1.77			0.21	3.38		

* Total shares = 683,509,869

Adjusted EBITDA Reconciliation (Non-accounting measures)

	<i>R\$ million</i>							
	3Q20	3Q19	Var. (R\$)	%	9M20	9M19	Var. (R\$)	%
Net income	421.6	1,208.9	(787.3)	(65.1)	141.8	2,310.5	(2,168.7)	(93.9)
Income tax and social contribution	234.0	629.8	(395.8)	(62.8)	53.6	1,168.1	(1,114.5)	(95.4)
Financial result	330.6	719.9	(389.3)	(54.1)	2,986.4	1,026.0	1,960.4	191.1
Other operating revenues (expenses), net	(0.8)	(13.2)	12.4	(93.9)	(113.3)	(18.3)	(95.0)	519.1
(=) Adjusted EBIT*	985.4	2,545.4	(1,560.0)	(61.3)	3,068.5	4,486.3	(1,417.8)	(31.6)
Depreciation and amortization	528.2	463.9	64.3	13.9	1,510.2	1,299.3	210.9	16.2
(=) Adjusted EBITDA **	1,513.6	3,009.3	(1,495.7)	(49.7)	4,578.7	5,785.6	(1,206.9)	(20.9)
(%) Adjusted EBITDA margin	34.1	55.6			35.5	43.5		

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

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

In 3Q20, net operating revenue, including construction revenue, reached R\$4,438.5 million, down by 18.0% over the same period in 2019.

Costs and expenses, which consider construction costs, totaled R\$3,456.2 million, up 20.5% over 2019.

Adjusted EBIT totaled R\$985.4 million, down by 61.3% over the R\$2,545.4 million recorded in 3Q19.

Adjusted EBITDA, in the amount of R\$1,513.6 million, reduced by 49.7% when compared to the R\$3,009.3 million reported in 3Q19 (R\$6,303.7 million in the last 12 months).

Adjusted EBITDA margin reached 34.1% in 3Q20, against 55.6% in 3Q19 (35.8% in the last 12 months).

Excluding the effects of revenue and construction costs, the adjusted EBITDA margin was 44.0% in 3Q20, compared to 63.5% in 3Q19 (44.3% in the last 12 months).

The Company recorded net income of R\$421.6 million in 3Q20, compared to net income of R\$1,208.9 million in 3Q19.

3. Gross operating revenue

Gross operating revenue related to sanitation services, in the amount of R\$3,639.1 million, which does not consider construction revenue, decreased by R\$1,345.0 million, or 27.0%, from the R\$4,984.1 million recorded in 3Q19.

The main factors that led to this variation were:

- Signing of the agreement with the municipality of Santo André in 3Q19, generating non-recurring -revenue of R\$1,261.7 million;
- Lower billed volume in the Commercial, Industrial and Public categories, leading to a reduction of approximately R\$275 million compared to 3Q19; and
- Exemption granted to customers in the "Residential Social" and "Residential Favela" categories from paying water and sewage bills, leading to a decrease of R\$21.7 million in revenue.

The decrease in operating revenue was offset by:

- Higher billed volume in the Residential category, in the amount of R\$243.0 million;

- Higher revenue from the retail segment in the municipality of Santo André, in the amount of R\$57.1 million; and
- Tariff adjustment of 3.4% since August 2020.

4. Construction revenue

Construction revenue increased by R\$353.9 million, or 50.6%, in 3Q20 over 3Q19. The variation was mainly due to higher asset investments.

5. Billed volume

The following tables show the water and sewage billed volume, on a quarter-over-quarter and year-over-year basis, per customer category and region. The volumes of Santo André, Mauá and the categories exempt from payment are presented individually.

WATER AND SEWAGE BILLED VOLUME ⁽¹⁾ PER CUSTOMER CATEGORY - million m ³									
Category	Water			Sewage			Water + Sewage		
	3Q20	3Q19	%	3Q20	3Q19	%	3Q20	3Q19	%
Residential	432.0	420.7	2.7	375.4	363.2	3.4	807.4	783.9	3.0
Commercial	38.3	43.5	(12.0)	36.3	42.4	(14.4)	74.6	85.9	(13.2)
Industrial	7.6	8.1	(6.2)	8.7	9.8	(11.2)	16.3	17.9	(8.9)
Public	8.2	11.0	(25.5)	7.3	9.9	(26.3)	15.5	20.9	(25.8)
Total retail	486.1	483.3	0.6	427.7	425.3	0.6	913.8	908.6	0.6
Wholesale ⁽³⁾	12.9	12.0	7.5	3.5	4.2	(16.7)	16.4	16.2	1.2
Subtotal	499.0	495.3	0.7	431.2	429.5	0.4	930.2	924.8	0.6
Santo André ⁽⁴⁾	13.6	18.1	(24.9)	13.5	7.1	90.1	27.1	25.2	7.5
Mauá ⁽⁵⁾	7.9	8.8	(10.2)	-	-	-	7.9	8.8	(10.2)
Residencial Social/Favela ⁽⁶⁾	17.9	-	-	13.9	-	-	31.8	-	-
Total	538.4	522.2	3.1	458.6	436.6	5.0	997.0	958.8	4.0

Category	Water			Sewage			Water + Sewage		
	9M20	9M19	%	9M20	9M19	%	9M20	9M19	%
Residential	1,294.2	1,273.3	1.6	1,122.2	1,095.0	2.5	2,416.4	2,368.3	2.0
Commercial	118.5	130.8	(9.4)	112.7	127.4	(11.5)	231.2	258.2	(10.5)
Industrial	22.6	24.4	(7.4)	26.6	29.6	(10.1)	49.2	54.0	(8.9)
Public	27.1	32.8	(17.4)	24.1	29.4	(18.0)	51.2	62.2	(17.7)
Total retail	1,462.4	1,461.3	0.1	1,285.6	1,281.4	0.3	2,748.0	2,742.7	0.2
Wholesale ⁽³⁾	37.5	35.9	4.5	11.0	12.3	(10.6)	48.5	48.2	0.6
Subtotal	1,499.9	1,497.2	0.2	1,296.6	1,293.7	0.2	2,796.5	2,790.9	0.2
Santo André ⁽⁴⁾	40.3	53.9	(25.2)	39.9	15.9	150.9	80.2	69.8	14.9
Mauá ⁽⁵⁾	26.0	26.0	-	-	-	-	26.0	26.0	-
Residencial Social/Favela ⁽⁶⁾	44.4	-	-	34.2	-	-	78.6	-	-
Total	1,610.6	1,577.1	2.1	1,370.7	1,309.6	4.7	2,981.3	2,886.7	3.3

WATER AND SEWAGE BILLED VOLUME ⁽¹⁾ PER REGION - million m ³									
Region	Water			Sewage			Water + Sewage		
	3Q20	3Q19	%	3Q20	3Q19	%	3Q20	3Q19	%
Metropolitan	318.1	320.7	(0.8)	280.5	282.1	(0.6)	598.6	602.8	(0.7)
Regional ⁽²⁾	168.0	162.6	3.3	147.2	143.2	2.8	315.2	305.8	3.1
Total retail	486.1	483.3	0.6	427.7	425.3	0.6	913.8	908.6	0.6
Wholesale ⁽³⁾	12.9	12.0	7.5	3.5	4.2	(16.7)	16.4	16.2	1.2
Subtotal	499.0	495.3	0.7	431.2	429.5	0.4	930.2	924.8	0.6
Santo André ⁽⁴⁾	13.6	18.1	(24.9)	13.5	7.1	90.1	27.1	25.2	7.5
Mauá ⁽⁵⁾	7.9	8.8	(10.2)	-	-	-	7.9	8.8	(10.2)
Residencial Social/Favela ⁽⁶⁾	17.9	-	-	13.9	-	-	31.8	-	-
Total	538.4	522.2	3.1	458.6	436.6	5.0	997.0	958.8	4.0

Region	Water			Sewage			Water + Sewage		
	9M20	9M19	%	9M20	9M19	%	9M20	9M19	%
Metropolitan	955.8	965.0	(1.0)	841.5	846.3	(0.6)	1,797.3	1,811.3	(0.8)
Regional ⁽²⁾	506.6	496.3	2.1	444.1	435.1	2.1	950.7	931.4	2.1
Total retail	1,462.4	1,461.3	0.1	1,285.6	1,281.4	0.3	2,748.0	2,742.7	0.2
Wholesale ⁽³⁾	37.5	35.9	4.5	11.0	12.3	(10.6)	48.5	48.2	0.6
Subtotal	1,499.9	1,497.2	0.2	1,296.6	1,293.7	0.2	2,796.5	2,790.9	0.2
Santo André ⁽⁴⁾	40.3	53.9	(25.2)	39.9	15.9	150.9	80.2	69.8	14.9
Mauá ⁽⁵⁾	26.0	26.0	-	-	-	-	26.0	26.0	-
Residencial Social/Favela ⁽⁶⁾	44.4	-	-	34.2	-	-	78.6	-	-
Total	1,610.6	1,577.1	2.1	1,370.7	1,309.6	4.7	2,981.3	2,886.7	3.3

1. Unaudited
2. Including coastal and interior regions
3. Wholesale includes volumes of reuse water and non-domestic sewage
4. Billed volume in the retail segment in 3Q20/9M20 and in the wholesale/retail segment in 3Q19/9M19
5. Volume billed in the retail segment in 3Q20 and at wholesale in 3Q19
6. Volume billed in categories exempt from paying water and sewage bill

6. Costs, administrative & selling expenses and construction costs

Costs, administrative and selling expenses and construction costs increased by R\$588.6 million in 3Q20 (20.5%). Excluding construction costs, the increase was R\$242.6 million (11.1%).

Costs, administrative & selling expenses and construction costs represented as a percentage of net revenue was 77.9% in 3Q20, compared to 53.0% in 3Q19.

	<i>R\$ million</i>							
	3Q20	3Q19	Var. (R\$)	%	9M20	9M19	Var. (R\$)	%
Salaries and payroll charges and Pension plan obligations	669.4	517.0	152.4	29.5	2,005.6	1,969.6	36.0	1.8
General supplies	63.5	67.3	(3.8)	(5.6)	186.7	196.1	(9.4)	(4.8)
Treatment materials	78.9	67.4	11.5	17.1	253.9	229.8	24.1	10.5
Services	457.6	449.9	7.7	1.7	1,323.7	1,326.5	(2.8)	(0.2)
Electricity	311.0	282.5	28.5	10.1	915.9	845.0	70.9	8.4
General expenses	224.4	358.6	(134.2)	(37.4)	721.3	889.5	(168.2)	(18.9)
Tax expenses	18.4	14.9	3.5	23.5	52.1	55.6	(3.5)	(6.3)
Sub-total	1,823.2	1,757.6	65.6	3.7	5,459.2	5,512.1	(52.9)	(1.0)
Depreciation and amortization	528.2	463.9	64.3	13.9	1,510.2	1,299.3	210.9	16.2
Allowance for doubtful accounts	75.1	(37.6)	112.7	(299.7)	349.9	50.9	299.0	587.4
Sub-total	603.3	426.3	177.0	41.5	1,860.1	1,350.2	509.9	37.8
Costs, administrative and selling expenses	2,426.5	2,183.9	242.6	11.1	7,319.3	6,862.3	457.0	6.7
Construction costs	1,029.7	683.7	346.0	50.6	2,535.2	1,946.7	588.5	30.2
Costs, adm & selling expenses and construction costs	3,456.2	2,867.6	588.6	20.5	9,854.5	8,809.0	1,045.5	11.9
% of net revenue	77.9	53.0			76.3	66.3		

Salaries and payroll charges and Pension plan obligations

In 3Q20, there was an increase of R\$152.4 million, due to the reversal of R\$173.3 million in non-recurring TAC - Retiree expenses related to 3Q19.

This increase was offset by the following factors:

- Reduction of R\$9.8 million in pension plans due to changes in the actuarial assumptions;
- Lower overtime expense, in the amount of R\$5.1 million; and
- Decrease of R\$3.4 million, mainly due to the 2.8% reduction in the average number of employees, arising from the gradual dismissals through the Knowledge Retention Program - PRC, whose effect was offset by the 2.0% increase in wages according to the Career and Salaries Plan (*Plano de Cargos e Salários*) in February 2020.

Treatment materials

Increase of R\$11.5 million, or 17.1%, due to the higher use of algaecides and coagulants in several Water Treatment Plants in the Metropolitan Region of São Paulo, in order to maintain the quality of raw water.

Electricity

Electricity expenses totaled R\$311.0 million in 3Q20, up R\$28.5 million, or 10.1%, compared to the R\$282.5 million recorded in 3Q19. Of the total expenses with electricity, the Free Market Tariffs (ACL) accounted for 49.2% in 3Q20 (37.7% in 3Q19) and the Regulated Market Tariffs (ACR) accounted for 50.8% (62.3% in 3Q19).

The main factors influencing this variation were:

- Average increase of 44.0% in ACL prices (including Grid Market Tariffs - TUSD), with an increase of 16.8% in consumption; and
- Average reduction of 8.8% in ACR tariffs, with no significant variation in consumption.

General expenses

Decrease of R\$134.2 million, or 37.4%, totaling R\$224.4 million in 3Q20, compared to the R\$358.6 million recorded in 3Q19, mainly due to:

- Lower provisioning for lawsuits in 3Q20, in the amount of R\$57.1 million;
- Non-recurring expenses related to the conclusion of legal proceedings were recognized, arising from the signing of an agreement with the municipality of Guarujá, in the amount of R\$46.9 million, as previously highlighted; and
- Lower provision for transfer to the São Paulo Municipal Fund for Environmental Sanitation and Infrastructure, in the amount of R\$ 12.6 million, due to lower revenue earned in the municipality.

Depreciation and amortization

Increase of R\$64.3 million, or 13.9%, due to the start-up of intangible assets, in the amount of R\$3.6 billion.

Allowance for doubtful accounts

Increase of R\$112.7 million, mainly due to:

- Non-recurring reversal of R\$51.5 million in 3Q19, due to the agreement with the municipality of Santo André; and
- Increase in delinquency rates due to the economic instability worsen by COVID-19.

Other operating income (expenses), net

Other operating revenues and expenses recorded a negative variation of R\$12.4 million due to the donation of basic food baskets, within the context of the COVID-19 pandemic.

7. Financial result

	<i>R\$ million</i>			
	3Q20	3Q19	Var.	%
Financial expenses, net of income	(180.2)	(185.6)	5.4	(2.9)
Net monetary and exchange variation	(150.4)	(534.3)	383.9	(71.9)
Financial result	(330.6)	(719.9)	389.3	(54.1)

Financial expenses, net of income

	<i>R\$ million</i>			
	3Q20	3Q19	Var.	%
Financial expenses				
Interest and charges on domestic loans and financing	(92.0)	(89.9)	(2.1)	2.3
Interest and charges on international loans and financing	(39.5)	(44.0)	4.5	(10.2)
Other financial expenses	(94.2)	(125.0)	30.8	(24.6)
Total financial expenses	(225.7)	(258.9)	33.2	(12.8)
Financial income	45.5	73.3	(27.8)	(37.9)
Financial expenses net of income	(180.2)	(185.6)	5.4	(2.9)

Decrease of R\$5.4 million, due to:

- Reduction of R\$4.5 million in interest and charges on international loans and financing, mainly due to the exchange of the US\$494.6 million debt to R\$2,810.9 million with the Interamerican Development Bank (IDB);
- A R\$30.8 million decrease in other financial expenses, as a result of lower recognition of interest on lawsuits, in the amount of R\$29.8 million; and
- Decrease of R\$27.8 million in financial revenue, mostly due to the lower income obtained on financial investments, due to the reduction in the remuneration of the DI rate.

Monetary and exchange variation, net

	<i>R\$ million</i>			
	3Q20	3Q19	Var.	%
Monetary exchange rate variation on liabilities				
Monetary variation on loans and financing	(19.7)	(4.3)	(15.4)	358.1
Currency exchange variation on loans and financing	(111.1)	(522.1)	411.0	(78.7)
Other monetary variations	(39.8)	(29.3)	(10.5)	35.8
Monetary/exchange rate variation on liabilities	(170.6)	(555.7)	385.1	(69.3)
Monetary/exchange rate variation on assets	20.2	21.4	(1.2)	(5.6)
Monetary/exchange rate variation, net	(150.4)	(534.3)	383.9	(71.9)

The effect of net monetary and exchange variations in 3Q20 totaled R\$383.9 million, lower than the amounts reported in 3Q19, especially due to:

- R\$ 15.4 million increase in monetary variation on loans and financing, due to the increase in the IPCA consumer price index and funding from the 26th debenture issuance;
- Decrease of R\$411.0 million in exchange variations on loans and financing, due to: (i) lower appreciation of the US dollar and the yen against the real in 3Q20 (3.01% and 5.16%, respectively), when compared to the appreciation in 3Q19 (8.67% and 8.38%, respectively); (ii) exchange of debt, from US\$494.6 million to R\$2,810.9 million with the Inter-American Development Bank (IDB); and (iii) early amortization of the Eurobonds, which would mature on December 16, 2020, in the amount of R\$1,910.1 million (US\$350.0 million); and
- Increase of R\$10.5 million in other monetary variations, due to higher monetary variation on lawsuits in 3Q20, in the amount of R\$9.0 million, due to the increase of the Court of Justice update rate, of 1.1% in 3Q20, compared to 0.23% in 3Q19.

8. Income tax and Social contribution

In 3Q20, taxes decreased by R\$395.8 million due to the lower taxable result recorded.

In 3Q19, non-recurring revenue was recognized in the amount of R\$1,261.7 million, related to the agreement with the municipality of Santo André and the reversal of R\$173.3 million in TAC - Retiree expenses.

In addition, the allowance for doubtful accounts increased by R\$112.7 million in 3Q20, which was offset by the reduction in expenses with exchange rate variation, in the amount of R\$411.0 million.

9. Indicators

a) Operating

Operating indicators*	3Q20	3Q19	%
Water connections ⁽¹⁾	10,030	9,881	1.5
Sewage connections ⁽¹⁾	8,458	8,277	2.2
Population directly served - water ⁽²⁾	27.4	27.0	1.5
Population directly served - sewage ⁽²⁾	24.2	23.7	2.1
Number of employees	13,533	14,018	(3.5)
Water volume produced in the quarter ⁽³⁾	726	711	2.1
Water volume produced in the year ⁽³⁾	2,171	2,141	1.4
IPM - Micromeasured Water Loss (%) ⁽⁴⁾	27.6	29.4	(6.1)
IPDt (liters/connection x day) ⁽⁴⁾	271.0	289.0	(6.2)

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 and Santo André
- * Unaudited

b) Management's Indicators

The following performance Management Indicators show: Gross Revenue, Operating Expenses and EBITDA, all measured based on billed cubic meter.

The historical series is presented since 2014, based on quarterly financial data disclosed by the Company, disregarding some non-recurring and material events that would distort the result.

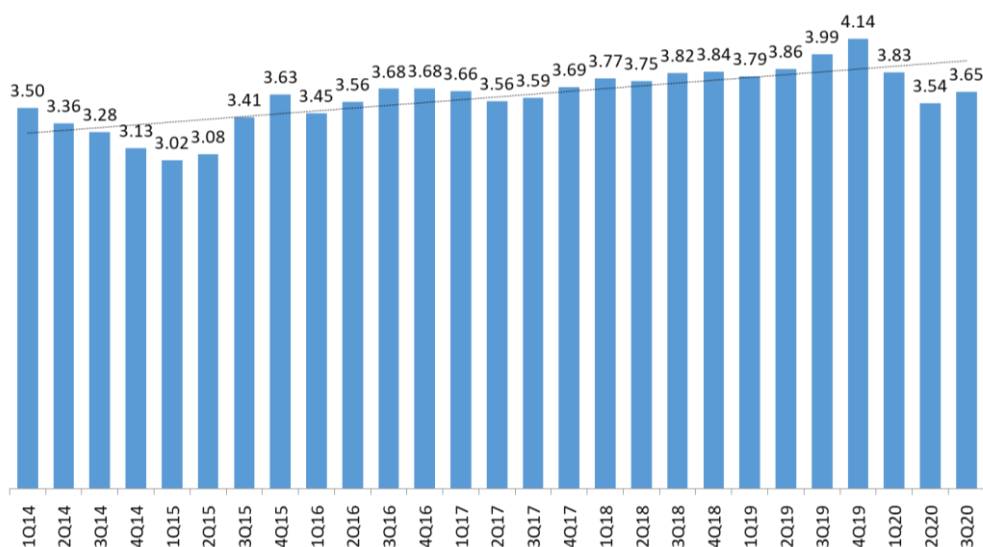
All indicators were calculated based on average values of 3Q20, adjusted by variations in the IPCA consumer price index, to determine the behavior on a same-price base in the period.

Gross Revenue per billed cubic meter shows increasing average evolution, especially after the third quarter of 2015. In 3Q20, result fell by 8.6% year over year, influenced by the lower revenue from commercial and industrial customers, payment exemption for customers in the "Residencial Social" and "Residencial Favela" categories and postponement of the tariff adjustment.

Operating Expenses per billed cubic meter increased on a quarterly basis in a controlled manner, being compatible with the expansion of operations showing a stable average performance and reflecting disciplined cost management. In 3Q20, expenses fell by 11.5% compared to 3Q19.

Finally, the EBITDA per cubic meter increased in the period, basically due to the performance of Gross Revenue and Operating Expenses. Compared to the beginning of 2020, this indicator had a positive evolution in 3Q20, in spite of the 10.4% decrease compared to 3Q19.

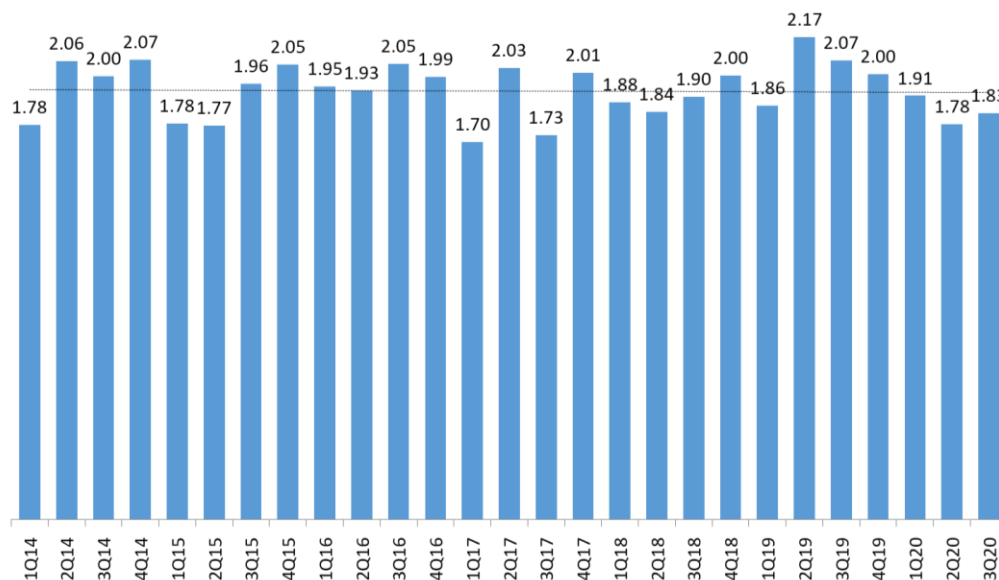
Total Gross Revenue per m³ Billed - R\$/m³
Figures at 3Q20 average prices, updated by IPCA



The following were not considered:

- Construction revenue
- R\$928 million referring to the agreement with Guarulhos in 4Q18
- R\$1,254 million referring to agreement with Santo André in 3Q19
- R\$194.9 million referring to agreement with Mauá in 2Q20

Operating Expense per m³ Billed - R\$/m³
Figures at 3Q20 average prices, updated by IPCA



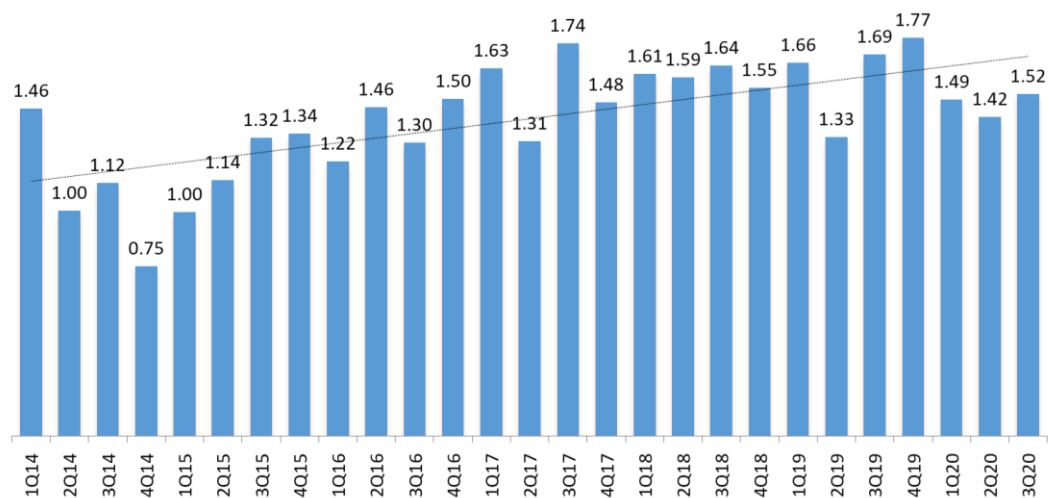
Expenses considered: personnel, general supplies, treatment materials, services, electricity, general expenses and tax

Reversals excluded:

- R\$696 million referring to agreement with the State Government in 1Q15
- R\$307 million referring to the migration of the supplementary pension plan in 3Q16
- R\$173 million referring to the TAC - Retirees in 3Q19

EBITDA per m³ Billed - R\$/m³

Figures at 3Q20 average prices, updated by IPCA



The following were not considered:

Revenue:

- R\$928 million referring to the agreement with Guarulhos in 4Q18
- R\$1,254 million referring to agreement with Santo André in 3Q19
- R\$194.9 million referring to agreement with Mauá in 2Q20

Reversal of expenses:

- R\$696 million referring to agreement with the State Government in 1Q15
- R\$307 million referring to the migration of the supplementary pension plan in 3Q16
- R\$173 million referring to the end of the TAC - Retirees in 3Q19

c) Economic

Economic Variables at the close of the period*	3Q20	3Q19
Amplified Consumer Price Index ⁽¹⁾	1.24	0.26
National Consumer Price Index ⁽¹⁾	1.68	0.17
Consumer Price Index ⁽¹⁾	2.16	0.47
Interbank Deposit Certificate ⁽²⁾	1.90	5.40
US DOLAR ⁽³⁾	5.6407	4.1644
YEN ⁽³⁾	0.05343	0.03852

1. Quarterly rate (%)
2. Quarterly average
3. Ptax sale rate on the last day

* Unaudited

10. Loans and financing

On September 30, Eurobonds, in the amount of US\$ 350.0 million, maturing on December 16, 2020, were early amortized. The Company used cash for such redemption, and is in line with its strategy to reduce currency exposure.

The Company formalized this month a financing agreement with Inter-American Investment Corporation – IDB Invest, in the amount of R\$950.0 million, in two tranches: (i) the first, of R\$508.0 million, whose funds will be used for investment in the New Pinheiros River Program and in Renewable Energy Plants; and (ii) the second, of R\$ 442.0 million, whose funds will be used to refinance debt. The transaction has no guarantees.

R\$ thousand

INSTITUTION	DEBT PROFILE							TOTAL	% of total
	2020	2021	2022	2023	2024	2025	2026 onwards		
Local Currency									
Debentures	48,828	1,941,913	572,615	373,820	707,839	282,442	1,670,293	5,597,750	36
Caixa Econômica Federal	21,740	89,722	94,608	87,550	86,408	91,819	929,600	1,401,447	9
BNDES	-	174,348	174,348	167,698	161,164	141,280	523,128	1,341,966	9
IDB 2202	-	181,349	181,349	181,349	181,349	181,349	1,799,162	2,705,907	18
Leasing	46,517	66,293	42,120	37,503	40,517	40,545	222,959	496,454	3
Others	621	3,779	4,038	3,977	1,757	1,610	-	15,782	0
Interest and other charges	60,357	40,420	-	-	-	-	-	100,777	1
Total Local Currency	178,063	2,497,824	1,069,078	851,897	1,179,034	739,045	5,145,142	11,660,083	76
Foreign Currency									
IDB 1212	-	57,976	57,976	57,976	57,976	57,976	-	289,880	2
IBRD	-	34,294	34,294	34,294	34,294	34,294	290,788	462,258	3
JICA	5,833	225,498	225,498	225,498	225,498	225,498	1,695,750	2,829,073	18
IDB 1983AB	-	43,390	43,390	42,280	-	-	-	129,060	1
Interest and other charges	5,658	4,399	-	-	-	-	-	10,057	0
Total in Foreign Currency	11,491	365,557	361,158	360,048	317,768	317,768	1,986,538	3,720,328	24
Total	189,554	2,863,381	1,430,236	1,211,945	1,496,802	1,056,813	7,131,680	15,380,411	100

Covenants

The table below shows the most restrictive covenants in 3Q20:

	Covenants
Adjusted EBITDA / Adjusted Financial Expense	Equal to or higher than 2.80
Adjusted Net Debt / Adjusted EBITDA	Equal to or lower than 3.80
Total Adjusted Debt / Adjusted EBITDA	Lower than 3.65
Other Onerous Debt ⁽¹⁾ / Adjusted EBITDA	Equal to or lower than 1.30
Adjusted Current Liquidity	Higher than 1.00
EBITDA / Financial Expense Paid	Equal to or higher than 2.35
Net Debt / Adjusted EBITDA	Equal to or lower than 3.50

1. "Other Onerous Debt" correspond to the sum of social security liabilities, health care plan installment payment of tax debts and installment payment of debts with the Electricity supplier.

As of September 30, 2020, the Company had met the requirements set forth by its borrowings and financing agreements.

11. CAPEX

Investments totaled R\$1,072.7 million in 3Q20. The investment in 9M20 was R\$3,117.5 million. Cash used in 9M20 referring to the Company's historical investments totaled R\$2,302.1 million.



Conference calls

In English

November 17, 2020 - Tuesday
12:00 pm US ET / 2:00 pm (Brasília)

[Click here](#) for the webcast

In Portuguese

November 17, 2020 - Tuesday
08:30 am US ET / 10:30 am (Brasília)

[Click here](#) for the webcast

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Statements contained in this press release may contain information that is forward-looking and reflects management's current view and estimates of future economic circumstances, industry conditions, SABESP performance, and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this press release that do not describe historical facts, such as statements regarding the declaration or payment of dividends, the direction of future operations, the implementation of principal operating and financing strategies and capital expenditure plans, the factors or trends affecting financial condition, liquidity or results of operations are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. There is no guarantee that these results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

Income Statement

Brazilian Corporate Law	R\$ '000	
	3Q20	3Q19
Net Operating Income	4,438,480	5,410,593
Operating Costs	(2,942,490)	(2,379,712)
Gross Profit	1,495,990	3,030,881
Operating Expenses		
Selling	(194,418)	(195,945)
Estimated losses with doubtful accounts	(75,125)	37,677
Administrative expenses	(244,215)	(329,607)
Other operating revenue (expenses), net	842	13,198
Operating Income Before Shareholdings	983,074	2,556,204
Equity Result	3,124	2,352
Earnings Before Financial Results, net	986,198	2,558,556
Financial, net	(220,547)	(198,302)
Exchange gain (loss), net	(110,092)	(521,626)
Earnings before Income Tax and Social Contribution	655,559	1,838,628
Income Tax and Social Contribution		
Current	(192,985)	(434,142)
Deferred	(40,998)	(195,626)
Net Income for the period	421,576	1,208,860
Registered common shares ('000)	683,509	683,509
Earnings per shares - R\$ (per share)	0.62	1.77
Depreciation and Amortization	(528,186)	(463,962)
Adjusted EBITDA	1,513,543	3,009,321
% over net revenue	34.1%	55.6%

Balance Sheet

Brazilian Corporate Law		R\$ '000	
ASSETS	09/30/2020	12/31/2019	
Current assets			
Cash and cash equivalents	113,786	2,253,210	
Financial investments	1,817,776	-	
Trade receivables	2,055,667	2,137,752	
Related parties and transactions	160,055	192,906	
Inventories	97,332	70,454	
Restricted cash	31,172	26,018	
Current recoverable taxes	152,051	141,266	
Other assets	97,157	74,532	
Total current assets	4,524,996	4,896,138	
Noncurrent assets			
Trade receivables	240,362	215,275	
Related parties and transactions	631,855	657,990	
Escrow deposits	168,930	177,982	
Water National Agency – ANA	28,015	32,466	
Other assets	167,590	119,646	
Equity investments	63,166	53,187	
Investment properties	46,286	47,562	
Contract assets	8,116,405	7,617,714	
Intangible assets	33,539,003	32,325,447	
Property, plant and equipment	259,620	314,393	
Total noncurrent assets	43,261,232	41,561,662	
Total assets	47,786,228	46,457,800	
LIABILITIES AND EQUITY	09/30/2020	12/31/2019	
Current liabilities			
Trade payables	237,840	369,631	
Borrowings and financing	1,462,293	2,859,843	
Accrued payroll and related charges	585,533	594,279	
Taxes and contributions	428,177	250,318	
Dividends and interest on capital payable	723	800,352	
Provisions	498,229	550,247	
Services payable	507,343	474,078	
Public-Private Partnership – PPP	141,513	110,291	
Program Contract Commitments	173,555	273,932	
Other liabilities	182,321	170,453	
Total current liabilities	4,217,527	6,453,424	
Noncurrent liabilities			
Borrowings and financing	13,918,118	10,384,866	

Earnings Results

3Q20



Deferred income tax and social contribution	419,987	433,996
Deferred Cofins and Pasep	149,281	143,693
Provisions	478,091	485,561
Pension obligations	3,379,965	3,360,932
Public-Private Partnership – PPP	3,052,566	3,183,689
Program Contract Commitments	79,018	103,321
Other liabilities	395,058	272,535
Total noncurrent liabilities	21,872,084	18,368,593
Total liabilities	26,089,611	24,822,017
Equity		
Paid-up capital	15,000,000	15,000,000
Profit reserve	7,466,981	7,547,954
Other comprehensive income	(912,154)	(912,171)
Retained earnings	141,790	-
Total equity	21,696,617	21,635,783
Total equity and liabilities	47,786,228	46,457,800

Cash Flow

Brazilian Corporate Law		R\$ '000
	Jan-Sep 2020	Jan-Sep 2019
Cash flow from operating activities		
Profit before income tax and social contribution	195,393	3,478,621
Adjustment for:		
Depreciation and amortization	1,510,301	1,299,363
Residual value of property, plant and equipment and intangible assets written-off	9,382	14,593
Allowance for doubtful accounts	349,791	50,898
Mauá agreement	(280,774)	-
Santo André agreement	-	(1,259,758)
Provision and inflation adjustment	148,463	280,565
Interest calculated on loans and financing payable	440,681	430,838
Inflation adjustment and foreign exchange gains (losses) on loans and financing	2,437,854	498,337
Interest and inflation adjustment losses	19,722	28,521
Interest and inflation adjustment gains	(22,829)	(26,413)
Financial charges from customers	(266,382)	(282,958)
Margin on intangible assets arising from concession	(59,263)	(44,775)
Provision for Consent Decree (TAC) and Knowledge retention program (KRP)	1,744	(127,793)
Equity result	(9,604)	(8,337)
Interest and inflation adjustment (Public-Private Partnership)	305,386	293,299
Provision from São Paulo agreement	125,169	4,186
Pension obligations	173,420	200,581
Other Provisions/Reversal	1,173	(7,257)
	5,079,627	4,822,511
Changes in assets		
Trade accounts receivable	(39,620)	(31,037)
Accounts receivable from related parties	79,400	48,619
Inventories	(26,878)	(29,593)
Recoverable taxes	(78,397)	251,367
Escrow deposits	24,676	(15,271)
Other accounts receivable	(61,933)	6,956
Changes in liabilities		
Trade payables and contractors	(244,353)	(351,085)
Services payable	(91,904)	22,522
Accrued payroll and related charges	(10,490)	24,903
Taxes and contributions payable	187,352	(47,595)
Deferred Cofins/Pasep	5,588	(1,396)
Provisions	(207,951)	(161,768)

Earnings Results

3Q20



Pension obligations	(154,387)	(155,137)
Other liabilities	(10,531)	87,495
Cash generated from operations	4,450,199	4,471,491
Interest paid	(562,489)	(553,102)
Income tax and contribution paid	-	(892,800)
Net cash generated from operating activities	3,887,710	3,025,589
Cash flows from investing activities		
Acquisition of contract assets and intangible assets	(2,334,629)	(2,029,213)
Restricted cash	(5,154)	9,423
Increase/(decrease) in investment	(4,531)	223
Purchases of tangible assets	(25,782)	(56,186)
Financial investments	(1,817,776)	-
Net cash used in investing activities	(4,187,872)	(2,075,753)
Cash flow from financing activities		
Loans and financing		
Proceeds from loans	2,747,173	1,603,795
Repayments of loans	(3,150,780)	(1,750,487)
Payment of interest on shareholders'equity	(890,095)	(739,990)
Public-Private Partnership – PPP	(405,287)	(417,550)
Program Contract Commitments	(140,273)	(41,389)
Net cash used in financing activities	(1,839,262)	(1,345,621)
Increase/(decrease) in cash and cash equivalents	(2,139,424)	(395,785)
Represented by:		
Cash and cash equivalents at beginning of the year	2,253,210	3,029,191
Cash and cash equivalents at end of the year	113,786	2,633,406
Increase/(decrease) in cash and cash equivalents	(2,139,424)	(395,785)