

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

August 16, 2013

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For August 13, 2013
(Commission File No. 1-31317)

Companhia de Saneamento Básico do Estado de São Paulo - SABESP
(Exact name of registrant as specified in its charter)

Basic Sanitation Company of the State of Sao Paulo - SABESP
(Translation of Registrant's name into English)

Rua Costa Carvalho, 300
São Paulo, S.P., 05429-900
Federative Republic of Brazil
(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1) .

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7) .

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicated below the file number assigned to the
registrant in connection with Rule 12g3-2(b):

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

Rui de Britto Álvares Affonso
Chief Financial Officer and Investor Relations Officer
Mario Azevedo de Arruda Sampaio
Head of Capital Markets and Investor Relations

SABESP announces 2Q13 results

São Paulo, August 13, 2013 - **Companhia de Saneamento Básico do Estado de São Paulo - SABESP** (BM&FBovespa: SBSP3; NYSE: SBS), one of the largest water and sewage services providers in the world based on the number of costumers, announces today its results for the **second quarter 2013 (2Q13)**. 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 2012.

SBSP3: R\$ 21.78 / share
SBS: US\$ 9.49 (ADR=1 share)
Total shares: 683,509,869
Market Value: R\$ 14.9 billion
Closing Price: 08/13/2013

1. Financial highlights

| | <i>R\$ million</i> | | | | | | | |
|--|--------------------|---------|---------------|--------|---------|---------|---------------|--------|
| | 2Q12 | 2Q13 | Chg. (R\$) | % | 1S12 | 1S13 | Chg. (R\$) | % |
| (+) Gross operating revenue | 2,048.6 | 2,307.4 | 258.8 | 12.6 | 4,237.9 | 4,626.3 | 388.4 | 9.2 |
| (+) Construction revenue | 577.8 | 656.9 | 79.1 | 13.7 | 1,128.7 | 1,152.4 | 23.7 | 2.1 |
| (-) COFINS and PASEP taxes | 151.4 | 168.0 | 16.6 | 11.0 | 313.9 | 337.4 | 23.5 | 7.5 |
| (=) Net operating revenue | 2,475.0 | 2,796.3 | 321.3 | 13.0 | 5,052.7 | 5,441.3 | 388.6 | 7.7 |
| (-) Costs and expenses | 1,286.8 | 1,438.3 | 151.5 | 11.8 | 2,621.6 | 2,870.9 | 249.3 | 9.5 |
| (-) Construction costs | 565.5 | 643.2 | 77.7 | 13.7 | 1,104.9 | 1,129.2 | 24.3 | 2.2 |
| (+) Equity result | (1.3) | (0.1) | 1.2 | (92.3) | (3.1) | (0.2) | 2.9 | (93.5) |
| (+) Other operating revenue/expenses | 18.4 | 1.5 | (16.9) | (91.8) | 26.9 | 10.3 | (16.6) | (61.7) |
| (=) Earnings before financial result, income tax and social contribution | 639.8 | 716.2 | 76.4 | 11.9 | 1,350.0 | 1,451.3 | 101.3 | 7.5 |
| (+) Net financial | (331.4) | (207.3) | 124.1 | (37.4) | (286.4) | (179.9) | 106.5 | (37.2) |
| (=) Earnings before income tax and social contribution | 308.4 | 508.9 | 200.5 | 65.0 | 1,063.6 | 1,271.4 | 207.8 | 19.5 |
| (+) Income tax and social contribution | (15.6) | (147.2) | (131.6) | 843.6 | (278.9) | (413.5) | (134.6) | 48.3 |
| Net Income | 292.8 | 361.7 | 68.9 | 23.5 | 784.7 | 857.9 | 73.2 | 9.3 |
| Earnings per share (R\$) | 0.43 | 0.53 | | | 1.15 | 1.26 | | |

Adjusted EBITDA Reconciliation (Non-accounting measures)

| | <i>R\$ million</i> | | | | | | | |
|--|--------------------|-------|---------------|--------|---------|---------|---------------|--------|
| | 2Q12 | 2Q13 | Chg. (R\$) | % | 1S12 | 1S13 | Chg. (R\$) | % |
| Net income | 292.8 | 361.7 | 68.9 | 23.5 | 784.7 | 857.9 | 73.2 | 9.3 |
| (+) Income tax and social contribution | 15.6 | 147.2 | 131.6 | 843.6 | 278.9 | 413.5 | 134.6 | 48.3 |
| (+) Net financial | 331.4 | 207.3 | (124.1) | (37.4) | 286.4 | 179.9 | (106.5) | (37.2) |
| (+) Other operating revenues/expenses | (18.4) | (1.5) | 16.9 | (91.8) | (26.9) | (10.3) | 16.6 | (61.7) |
| | 621.4 | 714.7 | 93.3 | 15.0 | 1,323.1 | 1,441.0 | 117.9 | 8.9 |

| | | | | | | | | |
|---|-------|-------|-------|------|---------|---------|-------|-----|
| (=) Earnings before financial result (EBIT) | | | | | | | | |
| (+) Depreciation and amortization | 177.0 | 196.7 | 19.7 | 11.1 | 363.5 | 391.9 | 28.4 | 7.8 |
| (=) Adjusted EBITDA * | 798.4 | 911.4 | 113.0 | 14.2 | 1,686.6 | 1,832.9 | 146.3 | 8.7 |
| (%) Adjusted EBITDA margin | 32.3 | 32.6 | | | 33.4 | 33.7 | | |

(*) Adjusted EBITDA is net income before: (i) depreciation and amortization; (ii) income tax and social contribution (income federal taxes); (iii) financial result and (iv) other operating expenses, net.

In 2Q13, net operating revenue reached R\$ 2.8 billion, a 13.0% growth compared to 2Q12.

Costs and expenses, including construction costs, in the amount of R\$ 2.1 billion grew 12.4% over 2Q12.

EBIT grew 15.0%, from R\$ 621.4 million in 2Q12 to R\$ 714.7 million in 2Q13.

Adjusted EBITDA increased 14.2%, from R\$ 798.4 million in 2Q12 to R\$ 911.4 million in 2Q13.

The adjusted EBITDA margin was 32.6% in 2Q13 in comparison to 32.3% in the same period of 2012. Excluding construction revenues and construction costs, the adjusted EBITDA margin was 42.0% in 2Q13 (41.4% in 2Q12).

Net income totaled R\$ 361.7 million in 2Q13, 23.5% higher than in 2Q12.

2. Gross operating revenue

Gross operating revenue from water supply and sewage collection grew from R\$ 2.0 billion in 2Q12 to R\$ 2.3 billion in 2Q13, an increase of R\$ 258.8 million or 12.6%.

The main factors that led to this variation were:

- Tariff adjustment of 5.15% since September 2012;
- The tariff repositioning index of 2.35% applied since April 2013; and
- Increase of 3.5% in the Company's total billed volume (3.3% in water and 3.8% in sewage).

3. Construction revenue

Construction revenue increased R\$ 79.1 million or 13.7%, when compared to 2Q12. This variation was mainly due to lower investments in 2Q13, in comparison to the same period of the previous year.

4. Billed volume

The following tables show the water and sewage billed volume per customer category and region in 2Q12, 2Q13, 1S12 and 1S13.

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

| Category | Water | | | Sewage | | | Water + Sewage | | |
|---------------------|----------------|----------------|------------|--------------|--------------|------------|----------------|----------------|------------|
| | 2Q12 | 2Q13 | % | 2Q12 | 2Q13 | % | 2Q12 | 2Q13 | % |
| Residential | 371.5 | 383.6 | 3.3 | 307.0 | 318.7 | 3.8 | 678.5 | 702.3 | 3.5 |
| Commercial | 42.6 | 43.7 | 2.6 | 39.7 | 40.8 | 2.8 | 82.3 | 84.5 | 2.7 |
| Industrial | 9.3 | 9.7 | 4.3 | 10.6 | 11.7 | 10.4 | 19.9 | 21.4 | 7.5 |
| Public | 14.1 | 14.1 | - | 10.9 | 10.9 | - | 25.0 | 25.0 | - |
| Total retail | 437.5 | 451.1 | 3.1 | 368.2 | 382.1 | 3.8 | 805.7 | 833.2 | 3.4 |
| Wholesale | 73.8 | 74.4 | 0.8 | 7.2 | 7.5 | 4.2 | 81.0 | 81.9 | 1.1 |
| Reused water | 0.1 | 3.0 | - | - | - | - | 0.1 | 3.0 | - |
| Total | 511.4 | 528.5 | 3.3 | 375.4 | 389.6 | 3.8 | 886.8 | 918.1 | 3.5 |
| | 1S12 | 1S13 | % | 1S12 | 1S13 | % | 1S12 | 1S13 | % |
| Residential | 756.1 | 772.6 | 2.2 | 622.3 | 639.9 | 2.8 | 1,378.4 | 1,412.5 | 2.5 |
| Commercial | 85.6 | 86.8 | 1.4 | 79.4 | 80.7 | 1.6 | 165.0 | 167.5 | 1.5 |
| Industrial | 18.9 | 19.3 | 2.1 | 20.9 | 22.2 | 6.2 | 39.8 | 41.5 | 4.3 |
| Public | 27.2 | 26.9 | (1.1) | 21.0 | 21.1 | 0.5 | 48.2 | 48.0 | (0.4) |
| Total retail | 887.8 | 905.6 | 2.0 | 743.6 | 763.9 | 2.7 | 1,631.4 | 1,669.5 | 2.3 |
| Wholesale | 147.1 | 149.0 | 1.3 | 13.5 | 14.8 | 9.6 | 160.6 | 163.8 | 2.0 |
| Reused water | 0.2 | 8.7 | - | - | - | - | 0.2 | 8.7 | - |
| Total | 1,035.1 | 1,063.3 | 2.7 | 757.1 | 778.7 | 2.9 | 1,792.2 | 1,842.0 | 2.8 |

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

| Region | Water | | | Sewage | | | Water + Sewage | | |
|--------------|-------|-------|-----|--------|-------|-----|----------------|-------|-----|
| | 2Q12 | 2Q13 | % | 2Q12 | 2Q13 | % | 2Q12 | 2Q13 | % |
| Metropolitan | 290.2 | 298.8 | 3.0 | 247.6 | 255.1 | 3.0 | 537.8 | 553.9 | 3.0 |

| | | | | | | | | | |
|-------------------------|----------------|----------------|------------|--------------|--------------|------------|----------------|----------------|------------|
| Regional ⁽²⁾ | 147.3 | 152.3 | 3.4 | 120.6 | 127.0 | 5.3 | 267.9 | 279.3 | 4.3 |
| Total retail | 437.5 | 451.1 | 3.1 | 368.2 | 382.1 | 3.8 | 805.7 | 833.2 | 3.4 |
| Wholesale | 73.8 | 74.4 | 0.8 | 7.2 | 7.5 | 4.2 | 81.0 | 81.9 | 1.1 |
| Reused water | 0.1 | 3.0 | - | - | - | - | 0.1 | 3.0 | - |
| Total | 511.4 | 528.5 | 3.3 | 375.4 | 389.6 | 3.8 | 886.8 | 918.1 | 3.5 |
| | 1S12 | 1S13 | % | 1S12 | 1S13 | % | 1S12 | 1S13 | % |
| Metropolitan | 583.4 | 595.6 | 2.1 | 495.9 | 507.4 | 2.3 | 1,079.3 | 1,103.0 | 2.2 |
| Regional ⁽²⁾ | 304.4 | 310.0 | 1.8 | 247.7 | 256.5 | 3.6 | 552.1 | 566.5 | 2.6 |
| Total retail | 887.8 | 905.6 | 2.0 | 743.6 | 763.9 | 2.7 | 1,631.4 | 1,669.5 | 2.3 |
| Wholesale | 147.1 | 149.0 | 1.3 | 13.5 | 14.8 | 9.6 | 160.6 | 163.8 | 2.0 |
| Reused water | 0.2 | 8.7 | - | - | - | - | 0.2 | 8.7 | - |
| Total | 1,035.1 | 1,063.3 | 2.7 | 757.1 | 778.7 | 2.9 | 1,792.2 | 1,842.0 | 2.8 |

(1) Unaudited

(2) Including coastal and countryside

5. Costs, administrative expenses, selling and construction

In 2Q13, costs of sales and services rendered, construction, administrative and selling expenses grew 12.4% (R\$ 229.2 million). Excluding construction costs, total costs and expenses grew 11.8%. As a percentage of net revenue, cost and expenses decreased from 74.8% in 2Q12 to 74.4% in 2Q13.

| | <i>R\$ million</i> | | | | | | | |
|---|--------------------|----------------|---------------|-------------|----------------|----------------|---------------|-------------|
| | 2Q12 | 2Q13 | Chg. (R\$) | % | 1S12 | 1S13 | Chg. (R\$) | % |
| Payroll and benefits | 443.6 | 492.0 | 48.4 | 10.9 | 849.9 | 953.8 | 103.9 | 12.2 |
| Supplies | 43.2 | 49.4 | 6.2 | 14.4 | 83.7 | 93.7 | 10.0 | 11.9 |
| Treatment supplies | 51.4 | 55.2 | 3.8 | 7.4 | 96.0 | 120.0 | 24.0 | 25.0 |
| Services | 252.6 | 295.1 | 42.5 | 16.8 | 517.5 | 523.9 | 6.4 | 1.2 |
| Electric power | 147.6 | 133.0 | (14.6) | (9.9) | 298.0 | 277.8 | (20.2) | (6.8) |
| General expenses | 123.7 | 186.3 | 62.6 | 50.6 | 291.5 | 401.8 | 110.3 | 37.8 |
| Tax expenses | 11.1 | 11.8 | 0.7 | 6.3 | 46.1 | 51.8 | 5.7 | 12.4 |
| Sub-total | 1,073.2 | 1,222.8 | 149.6 | 13.9 | 2,182.7 | 2,422.8 | 240.1 | 11.0 |
| Depreciation and amortization | 177.0 | 196.7 | 19.7 | 11.1 | 363.5 | 391.9 | 28.4 | 7.8 |
| Credit write-offs | 36.6 | 18.8 | (17.8) | (48.6) | 75.4 | 56.2 | (19.2) | (25.5) |
| Sub-total | 213.6 | 215.5 | 1.9 | 0.9 | 438.9 | 448.1 | 9.2 | 2.1 |
| Costs and expenses | 1,286.8 | 1,438.3 | 151.5 | 11.8 | 2,621.6 | 2,870.9 | 249.3 | 9.5 |
| Construction costs | 565.5 | 643.2 | 77.7 | 13.7 | 1,104.9 | 1,129.2 | 24.3 | 2.2 |
| Costs, adm., selling and construction expenses | 1,852.3 | 2,081.5 | 229.2 | 12.4 | 3,726.5 | 4,000.1 | 273.6 | 7.3 |
| % of net revenue | 74.8 | 74.4 | | | 73.8 | 73.5 | | |

5.1. Payroll and benefits

In 2Q13 payroll and benefits grew R\$ 48.4 million or 10.9%, from R\$ 443.6 million to R\$ 492.0 million, due to the following:

- 6.17% increase in wages since May 2012 and of 8.00% since May 2013, and also the implementation of the Company's new career and wage plan, with an impact of approximately R\$ 31.0

million;

- R\$ 6.5 million upturn in the provision for the Defined Benefit Plan, arising from changes in actuarial assumptions;
- Provision referring to TAC (Conduct Adjustment Term) of retirees increased by R\$ 2.8 million, mainly due to wage adjustments in the period; and
- R\$ 2.8 million increase in overtime pay, mainly due to wage adjustment in the period.

5.2. Supplies

In 2Q13, expenses with supplies increased by R\$ 6.2 million or 14.4%, when compared to the previous year, from R\$ 43.2 million to R\$ 49.4 million, mostly due to: (i) preventive and corrective maintenance in several water and sewage systems, in the amount of R\$ 2.5 million; (ii) water and sewage network maintenance, in the amount of R\$ 1.2 million; and (iii) fuel and lubricants, in the amount of R\$ 0.5 million.

5.3. Treatment supplies

Treatment supplies expenses in 2Q13 were R\$ 3.8 million or 7.4% higher than in 2Q12, from R\$ 51.4 million to R\$ 55.2 million. The main factors for this variation were:

- Increase of R\$ 2.9 million due to the higher consumption of aluminum polychloride in the Jundiaí, Taiaçupeba, Guarapiranga and Rio Grande dams, ensuring better water quality in these reservoirs;

- Higher consumption of sodium hypochlorite, with an increase of R\$ 2.2 million, due to the use of this product in replacement of “Cloro Gas” in the Hortolândia, Paulínia, Indaiá and Rio Grande water treatment station, due to higher efficiency in water treatment and higher handling operational security;
- Higher consumption of aluminum sulfate, with an increase of R\$ 1.2 million, due to higher consumption of this product at the Taiapuêba water treatment station, aiming at reducing the concentration of iron and manganese in water, associated with price adjustments; and
- Increase of R\$ 1.7 million from the consumption of products, such as: (i) hydrogen peroxide, due to the odor increase in several sewage pumping stations in the Baixada Santista region; and (ii) oxygen, due to the increase in the average flow in the Taubaté/Tremembé Sewage Treatment Stations.

The increases mentioned above were offset, specially, by the lower consumption of activated carbon at the Taiapuêba, ABV and Guaraú water treatment stations, due to better climate conditions and water quality, resulting in R\$ 7.5 million decrease.

5.4. Services

In 2Q13 this item grew R\$ 42.5 million or 16.8%, from R\$ 252.6 million in 2Q12 to R\$ 295.1 million in 2Q13. The main factors were:

- Increase in the estimated services expenses, in the amount of R\$ 12.2 million, due to the reversion of provisions in the amount of R\$ 6.5 million in 2Q12 and the increase in the estimated expense in the amount of R\$ 5.7 million in 2Q13;
- Preventive and corrective maintenance in the water and sewage systems in the amount of R\$ 9.0 million;
- Maintenance in the water and sewage network connections, in the amount of R\$ 5.9 million, due to the intensification of services in several areas of the São Paulo Metropolitan Region, and to price adjustment referring to the Global Sourcing contract;
- Hydrometer reading and bill delivery expenses in the amount of R\$ 2.9 million, as a result of the new contracts and price adjustment in the São Paulo Metropolitan Region;
- Paving services and replacement of sidewalks in the amount of R\$ 2.9 million, related to the Corporate Program for Water Loss Reduction; and
- Maintenance of properties and facilities, in the amount of R\$ 1.8 million.

5.5. Electric power

This item decreased R\$ 14.6 million, or 9.9%, from R\$ 147.6 million in 2Q12 to R\$ 133.0 million in 2Q13, due to the average decrease of approximately 22.7% in the Tariff for the Use of Distribution System (TUSD), as a consequence of Provisional Presidential Decree 579/12 and Law 12,783/13, resulting in a decrease of R\$ 17.5 million. The decrease mentioned above was partially offset by a 15.4% increase in the tariffs of the free market, resulting in an increase of R\$ 3.9 million in the period.

5.6. General expenses

General expenses increased R\$ 62.6 million or 50.6%, from R\$ 123.7 million in 2Q12 to R\$ 186.3 million in 2Q13, due to:

- Provision for lawsuits, in the amount of R\$ 49.0 million, mainly related to environmental contingencies in the amount of R\$ 25.6 million in 2Q13; and reversion of provisions with suppliers in 2Q12, in the amount of R\$ 29.9 million; and

- Provision for payment to the Municipal Fund for Sanitation Environment and Infrastructure, pursuant to the Service Agreement with the São Paulo Municipal Government, in the amount of R\$ 6.4 million, as a result of the increase in revenues.

5.7. Depreciation and Amortization

Depreciation and amortization increased R\$ 19.7 million or 11.1%, from R\$ 177.0 million in 2Q12 to R\$ 196.7 million in 2Q13, due to the transfer of works to the operating intangible asset, with a net increase of R\$ 2.1 billion.

5.8. Credit write-offs

Credit write-offs decreased R\$ 17.8 million or 48.6%, from R\$ 36.6 million in 2Q12 to R\$ 18.8 million in 2Q13, chiefly due to the reversion of provisions in the amount of R\$ 15.3 million referent to installment agreements settled.

6. Net Financial expenses

| | <i>R\$ million</i> | | | |
|-------------------------------------|------------------------|----------------|--------------|---------------|
| | 2Q12 | 2Q13 | Var. | % |
| Financial expenses, net of revenues | (48.2) | (11.5) | 36.7 | (76.1) |
| Net monetary variation | (283.2) | (195.8) | 87.4 | (30.9) |
| Net financial | (331.4) | (207.3) | 124.1 | (37.4) |

6.1. Financial revenues and expenses

| | <i>R\$ million</i> | | | |
|--|------------------------|------|------|---|
| | 2Q12 | 2Q13 | Var. | % |

| | | | | |
|---|-------|------|--------|--------|
| Financial expenses | | | | |
| Interest and charges on domestic loans and financing | 69.9 | 64.9 | (5.0) | (7.2) |
| Interest and charges on international loans and financing | 25.7 | 22.1 | (3.6) | (14.0) |
| Other financial expenses | 14.1 | 5.6 | (8.5) | (60.3) |
| Total financial expenses | 109.7 | 92.6 | (17.1) | (15.6) |
| Financial revenues | 61.5 | 81.1 | 19.6 | 31.9 |
| Financial expenses net of revenues | 48.2 | 11.5 | (36.7) | (76.1) |

6.1.1. Financial expenses

In 2Q13 financial expenses dropped R\$ 17.1 million, or 15.6%. The main reasons for this result were:

- Decrease in interest and charges on domestic loans and financing due to lower interest rates and to the change in debt (issue of the 17th debenture in February 2013 and anticipation of the amortization of the 11th debenture balance);
- Decrease in interest and charges on international loans and financing due to the lower appreciation of the Yen versus the Brazilian Real in 2Q13 (4.2%), when compared to the appreciation of 16.6% presented in 2Q12; and
- Decrease in other financial expenses, due to the reversion of interest over provisions for lawsuits regarding clients.

6.1.2. Financial revenues

Financial revenues increased by R\$ 19.6 million due to the interest over installment agreements.

6.2. Monetary variation on assets and liabilities

| | 2Q12 | 2Q13 | Var. | <i>R\$ million</i> |
|--|--------------|--------------|---------------|------------------------|
| Monetary variation on loans and financing | 8.9 | 16.4 | 7.5 | 84.3 |
| Currency exchange variation on loans and financing | 281.7 | 201.7 | (80.0) | (28.4) |
| Other monetary/exchange rate variations | 2.1 | (2.1) | (4.2) | (200.0) |
| Monetary variation on liabilities | 292.7 | 215.9 | (76.8) | (26.2) |
| Monetary variation on assets | 9.5 | 20.1 | 10.6 | 111.6 |
| Net monetary variation | 283.2 | 195.8 | (87.4) | (30.9) |

6.2.1. Monetary variation on liabilities

The effect on the monetary variation on liabilities in 2Q13 was R\$ 76.8 million lower than in 2Q12, specially:

- Decrease in the exchange rate variation on loans and financing, in the amount of R\$ 80.0 million, due to: (i) the lower appreciation of the Yen versus the Brazilian Real in 2Q13 (4.2%), compared with 14.6% appreciation in 2Q12; and (ii) the lower appreciation of the US Dollar versus the Brazilian Real in 2Q13 (10.0%) when compared to the 10.9% appreciation recorded in 2Q12;
- Decrease in other monetary/exchange variation in the amount of R\$ 4.2 million due to provision for lawsuits in the amount of R\$ 4.7 million; and
- Increase in the expenses related to monetary variation on domestic loans and financing, in the amount of R\$ 7.5 million, due to the 17th debenture issue in February 2013.

6.2.2. Monetary variation on assets

Monetary variation on assets increased by R\$ 10.6 million in 2Q13, chiefly due to updates on installments agreements.

7. Income tax and social contribution

Income tax and social contribution expenses increased by R\$ 131.6 million, mainly due to the accounting recognition in 2Q12 of additional amount of Interest on Own Capital declared in 2011, which decreased the tax basis in that period.

8. Operating indicators

The water loss ratio presented a light increase, closing the quarter at 25.3%.

Note that the funds obtained from JICA will finance the initiatives in the 1st Stage of the Program, whose execution is scheduled to begin in the second half of 2013, when the ratio is expected to resume its decline.

| Operating indicators* | 2Q12 | 2Q13 | % |
|--|--------|--------|-------|
| Water connections ⁽¹⁾ | 7,576 | 7,778 | 2.7 |
| Sewage connections ⁽¹⁾ | 6,017 | 6,223 | 3.4 |
| Population directly served - water ⁽²⁾ | 24.1 | 24.4 | 1.2 |
| Population directly served - sewage ⁽²⁾ | 20.7 | 21.2 | 2.4 |
| Number of employees | 14,496 | 15,121 | 4.3 |
| Water volume produced ⁽³⁾ | 1,531 | 1,514 | (1.1) |
| Water losses (%) | 25.9 | 25.3 | (2.3) |

(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. Not including wholesale

(3) In millions of cubic meters at the end of the period

(*) Unaudited

9. Loans and financing

| INSTITUTION | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | R\$ million | |
|-----------------------------------|--------------|--------------|----------------|--------------|--------------|--------------|------------------------|----------------|
| | | | | | | | 2019 and onwards | Total |
| Local market | | | | | | | | |
| Banco do Brasil | 194.3 | 100.3 | - | - | - | - | - | 294.6 |
| Caixa Econômica Federal | 58.3 | 79.9 | 58.4 | 58.0 | 60.7 | 64.1 | 644.3 | 1,023.7 |
| Debentures | - | - | 594.3 | 235.0 | 237.1 | 405.8 | 852.4 | 2,324.6 |
| Debentures BNDES | 24.9 | 57.0 | 72.8 | 72.8 | 72.8 | 72.8 | 194.7 | 567.8 |
| Debentures FI FGTS | - | 22.7 | 45.4 | 45.5 | 45.5 | 45.5 | 294.9 | 499.5 |
| BNDES | 21.9 | 44.8 | 46.0 | 46.3 | 46.3 | 46.3 | 185.9 | 437.5 |
| Others | 0.3 | 0.5 | 0.6 | 0.6 | 0.7 | 0.5 | 330.5 | 333.7 |
| Interest and charges | 30.8 | 41.0 | - | - | - | - | - | 71.8 |
| Local market total | 330.5 | 346.2 | 817.5 | 458.2 | 463.1 | 635.0 | 2,502.7 | 5,553.2 |
| International market | | | | | | | | |
| BID | 42.3 | 84.5 | 84.6 | 84.6 | 100.1 | 44.5 | 523.4 | 964.0 |
| BIRD | - | - | - | - | - | - | 70.4 | 70.4 |
| Eurobonds | - | - | - | 309.8 | - | - | 768.8 | 1,078.6 |
| JICA | 24.4 | 48.9 | 48.9 | 48.8 | 49.1 | 49.4 | 679.2 | 948.7 |
| BID 1983AB | - | 53.0 | 53.0 | 53.1 | 53.0 | 52.6 | 127.5 | 392.2 |
| Interest and charges | 16.0 | 3.3 | - | - | - | - | - | 19.3 |
| International market total | 135.8 | 189.7 | 186.5 | 496.2 | 201.8 | 133.1 | 2,130.1 | 3,473.2 |
| Total | 466.3 | 535.9 | 1,004.0 | 954.4 | 664.9 | 768.1 | 4,632.8 | 9,026.4 |

10. Events

Conference Call in English

August 15, 2013

1:30 pm (US EST) / 2:30 pm (Brasilia)

Dial in: 1 (412) 317-6776

Conference ID: Sabesp

Replay available until 08/20/2013

Dial in: 1(412) 317-0088

Replay ID: 10031160

[Click here to access the webcast](#)

Conference Call in Portuguese

August 15, 2013

10:00 am (US EST) / 11:00 am (Brasilia)

Dial in: 55 (11) 3728-5971 / 55 (11) 3127-4971

Conference ID: Sabesp

Replay available until 08/20/2013

Dial in: 55 (11) 3127-4999

Replay ID: 39238190

[Click here to access the webcast](#)

For more information, please contact:

Mario Arruda Sampaio

Phone. (55 11) 3388-8664

E-mail: maasampaio@sabesp.com.br

Angela Beatriz Airoidi

Phone.(55 11) 3388-8793

E-mail: abairoidi@sabesp.com.br

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

| Corporate Law Method (Law No. 6,404/76) | R\$ '000 | |
|---|------------------|------------------|
| | PARENT COMPANY | |
| | 2Q13 | 2Q12 |
| Gross Revenue from Sales and Services | 2,964,272 | 2,626,406 |
| Water Supply - Retail | 1,196,615 | 1,049,444 |
| Water Supply - Wholesale | 52,877 | 49,919 |
| Sewage Collection and Treatment | 1,013,554 | 901,397 |
| Sewage Collection and Treatment - Wholesale | 8,436 | 6,286 |
| Construction Revenue - Water | 276,904 | 249,752 |
| Construction Revenue - Sewage | 379,940 | 328,126 |
| Other Services | 35,946 | 41,482 |
| Taxes on Sales and Services - COFINS and PASEP | (167,994) | (151,357) |
| Net Revenue from Sales and Services | 2,796,278 | 2,475,049 |
| Costs of Sales and Services | (1,731,945) | (1,567,770) |
| Gross Profit | 1,064,333 | 907,279 |
| Operating Expenses | | |
| Selling | (164,722) | (168,512) |
| Administrative | (184,843) | (116,040) |
| Other operating revenue (expenses), net | 1,507 | 18,397 |
| Operating Income Before Shareholdings | 716,275 | 641,124 |
| Equity Result | (111) | (1,297) |
| Earnings Before Financial Results, net | 716,164 | 639,827 |
| Financial, net | (5,823) | (49,890) |
| Exchange gain (loss), net | (201,433) | (281,485) |
| Earnings before Income Tax and Social Contribution | 508,908 | 308,452 |

Income Tax and Social Contribution

| | | |
|--|------------------|------------------|
| Current | (116,317) | 24,541 |
| Deferred | (30,922) | (40,181) |
| Net Income (loss) for the period | 361,669 | 292,812 |
| Registered common shares ('000) | 683,509 | 683,509 |
| Earnings per shares - R\$ (per share) | 0.53 | 0.43 |
| Depreciation and Amortization | (196,758) | (177,015) |
| Adjusted EBITDA | 911,415 | 798,445 |
| % over net revenue | 32.6% | 32.3% |

Balance sheet

| Brazilian Corporate Law | R\$ '000 | |
|---|-------------------|-------------------|
| ASSETS | PARENT COMPANY | |
| | 06/30/2013 | 12/31/2012 |
| Current | | |
| Cash and Cash Equivalents | 1,669,087 | 1,915,974 |
| Accounts Receivable from Clients | 1,033,698 | 1,038,945 |
| Related Party Balance | 115,156 | 109,273 |
| Inventory | 52,307 | 53,028 |
| Restricted cash | 12,488 | 64,977 |
| Recoverable Taxes | 17,663 | 118,421 |
| Other Receivables | 68,463 | 29,980 |
| Total Current Assets | 2,968,862 | 3,330,598 |
| Non-Current | | |
| Long Term Assets: | | |
| Accounts Receivable from Clients | 335,769 | 335,687 |
| Related Party Balance | 135,233 | 153,098 |
| Judicial Deposits | 51,955 | 53,158 |
| Deferred income tax and social contribution | 135,672 | 145,302 |
| National Water Agencie - ANA | 103,195 | 108,099 |
| Other Receivables | 94,778 | 111,047 |
| | 856,602 | 906,391 |
| Investments | 20,922 | 20,826 |
| Investment properties | 54,039 | 54,046 |
| Intangible Assets | 22,892,185 | 21,967,526 |
| Permanent Assets | 190,865 | 196,710 |
| | 23,158,011 | 22,239,108 |
| Total Non-Current Assets | 24,014,613 | 23,145,499 |
| Total Assets | 26,983,475 | 26,476,097 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | 06/30/2013 | 12/31/2012 |
| Current | | |
| Contractors and Suppliers | 239,393 | 295,392 |

| | | |
|---|-------------------|-------------------|
| Current portion of | | |
| long term loans | 766,323 | 1,342,594 |
| Salaries and Payroll Charges | 312,419 | 267,332 |
| Other taxes and contributions payable | 86,713 | 152,710 |
| Interest on Own Capital Payable | 151 | 414,355 |
| Provisions | 594,456 | 565,083 |
| Services payable | 404,710 | 389,091 |
| Public private partnership | 13,759 | 24,357 |
| Contracts agreements payables | 155,931 | 148,220 |
| Other payables | 129,174 | 159,055 |
| Total Current Liabilities | 2,703,029 | 3,758,189 |
| | | |
| Non-Current | | |
| Loans and Financing | 8,260,155 | 7,532,661 |
| Deferred Cofins/Pasep taxes | 127,812 | 123,731 |
| Provisions | 616,161 | 624,071 |
| Pension Plan Obligations | 2,652,990 | 2,592,550 |
| Public private partnership | 335,789 | 331,960 |
| Contracts agreements payables | 98,502 | 87,407 |
| Other Payables | 154,605 | 168,766 |
| Total Non Current Liabilities | 12,246,014 | 11,461,146 |
| | | |
| Shareholders' Equity | | |
| Capital Stock | 6,203,688 | 6,203,688 |
| Capital Reserves | 5,431,688 | 5,511,889 |
| Other comprehensive income | (458,815) | (458,815) |
| Income reserve and accrued earnings | 857,871 | - |
| Total Shareholders' Equity | 12,034,432 | 11,256,762 |
| | | |
| Total Liabilities and Shareholders' Equity | 26,983,475 | 26,476,097 |

Cash flow

| Brazilian Corporate Law | R\$ '000 | |
|--|------------------|------------------|
| Description | PARENT COMPANY | |
| | Jan-Jun/13 | Jan-Jun/12 |
| Cash flow from operating activities | | |
| Earnings before income tax and social contribution | 1,271,359 | 1,063,640 |
| Provision and provisions monetary variation | 157,834 | (6) |
| Financial charges from clients | (118,983) | (76,551) |
| Losses from the sale of fixed and intangible assets | 5,433 | 2,056 |
| Depreciation and Amortization | 391,924 | 363,511 |
| Interest calculated over loans and financing payable | 192,352 | 204,957 |
| Monetary and exchange variation over loans and financing | 112,612 | 139,890 |
| Variation on liabilities and interest | 12,974 | 863 |
| Variation on assets and interest | (8,736) | (5,182) |
| Provisions for bad debt | 165,304 | 183,738 |
| Provision for the conduct adjustment agreement (TAC) | 10,228 | 20,315 |
| Equity result | 261 | 3,057 |
| Provision for Sabesprev Mais | 4,849 | (5,147) |
| Other write-offs | (21,512) | 3,668 |
| São Paulo municipal government transfers | (5,007) | (2,638) |
| Fair value margin on intangible assets from | | |
| Indemnities receivables | (23,262) | (23,862) |
| Pension plan obligations | 130,853 | 48,649 |
| Adjusted net income (generated by operating activities) | 2,278,483 | 1,920,958 |
| Variation on Assets and Liabilities | (301,029) | (126,068) |
| (Increase) decrease in assets: | | |
| Accounts receivable from clients | (40,196) | 53,196 |
| Balances and transactions with related parties | 19,758 | 28,946 |
| Inventories | 455 | 10,443 |
| Recoverable Taxes | (21,226) | (20,715) |
| Other accounts receivable | (17,310) | (54,003) |
| Judicial deposits | 1,203 | (36,306) |
| Increase (decrease) in liabilities: | | |
| Contractors and suppliers | (22,834) | (71,735) |
| Salaries and payroll charges | 45,087 | 18,800 |
| Pension plan obligations | (70,413) | (5,022) |

| | | |
|--|------------------|------------------|
| Other taxes and contributions payable | (66,150) | (78,891) |
| Payment for services | 15,619 | (7,619) |
| Other accounts payable | (12,732) | 147,351 |
| Contingencies | (136,371) | (111,920) |
| Deferred COFINS/PASEP Taxes | 4,081 | 1,407 |
| Others | (572,594) | (505,560) |
| Interest paid | (294,990) | (320,951) |
| Income tax and contribution paid | (277,604) | (184,609) |
| Net cash generated from operating activities | 1,404,860 | 1,289,330 |
| Cash flow from investing activities: | | |
| Acquisition of property, plant and equipment | (7,947) | (9,198) |
| Acquisition of intangible assets | (999,765) | (858,859) |
| Increase in investment | (357) | (5,064) |
| Restricted cash | 52,489 | 8,882 |
| Net cash used in investing activities | (955,580) | (864,239) |
| Cash flow from financing activities | | |
| Funding | 1,262,709 | 888,842 |
| Amortizations | (1,409,371) | (1,174,793) |
| Payment of interest on own capital | (498,648) | (537,772) |
| Public and private partnership | (20,963) | - |
| Program contracts payables | (29,894) | - |
| Net cash generated (invested) at financing activities | (696,167) | (823,723) |
| Increase (decrease) in cash and equivalents | (246,887) | (398,632) |
| Cash and cash equivalents at the beginning of the period | 1,915,974 | 2,142,079 |
| Cash and cash equivalents at the end of the period | 1,669,087 | 1,743,447 |
| Changes in Cash and Cash Equivalents | (246,887) | (398,632) |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city São Paulo, Brazil.

Date: August 16, 2013

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

By: /s/ Rui de Britto Álvares Affonso

Name: Rui de Britto Álvares Affonso

Title: Chief Financial Officer and Investor Relations Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or 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.
