



SABESP

past, present and future

Jerson Kelman, CEO

May 2016, NYSE



**SBS
LISTED
NYSE**

***It all started in
1995, with Covas
and Alckmim...***



Sabesp in numbers



Fourth largest

in the world
in terms of
population served



367
municipalities

Largest
in the Americas

27.7 million
clients

14,000
employees

Responsible
for about
25%
of total
investments
annually made in Brazil



INVESTMENTS IN 2016
US\$ 1.25 billion

NET PROFIT
US\$ 930 million

US\$4.5 billion
EBITDA



US\$6.3 billion
Market value



237 water
treatment
plants



548 sewage
treatment
plants



50,000 km
of **sewage** collection pipes

73,000 km
of **water** distribution pipes

87%
sewage
collection



79%
treatment of
collected sewage

* Not including irregular areas



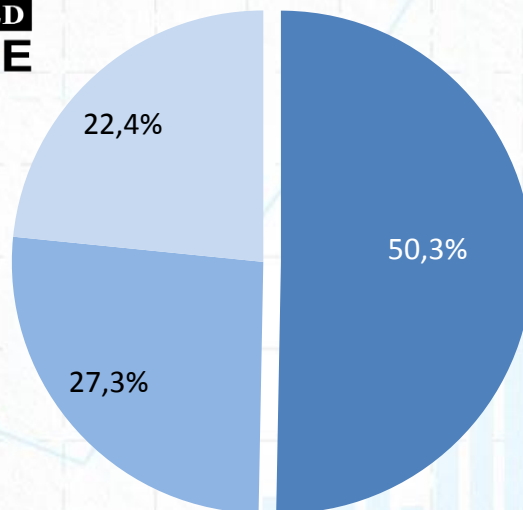
**SBS
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NYSE**

Strong Corporate Governance

NYSE – Level III ADR

**SBS
LISTED
NYSE**

BM&FBOVESPA

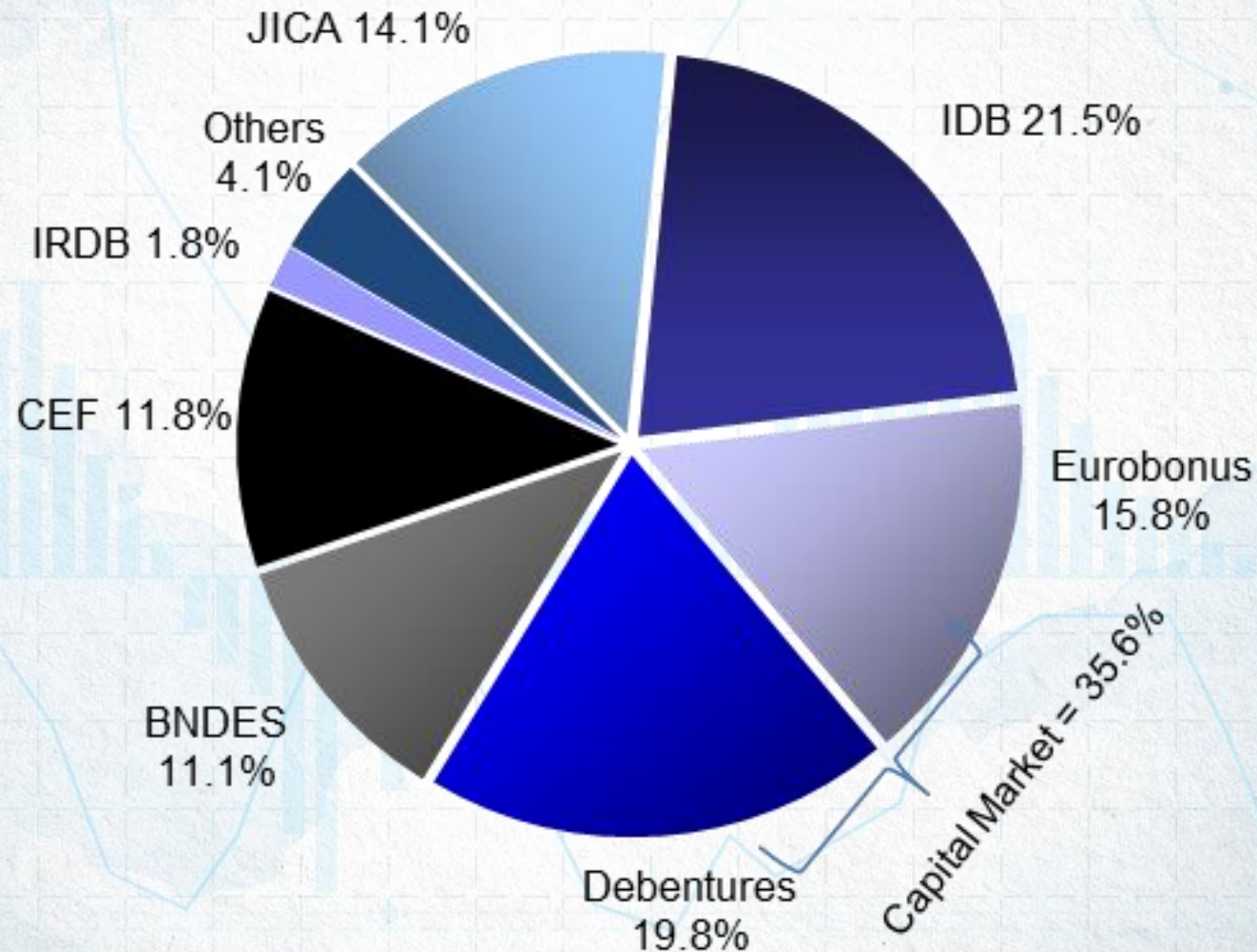


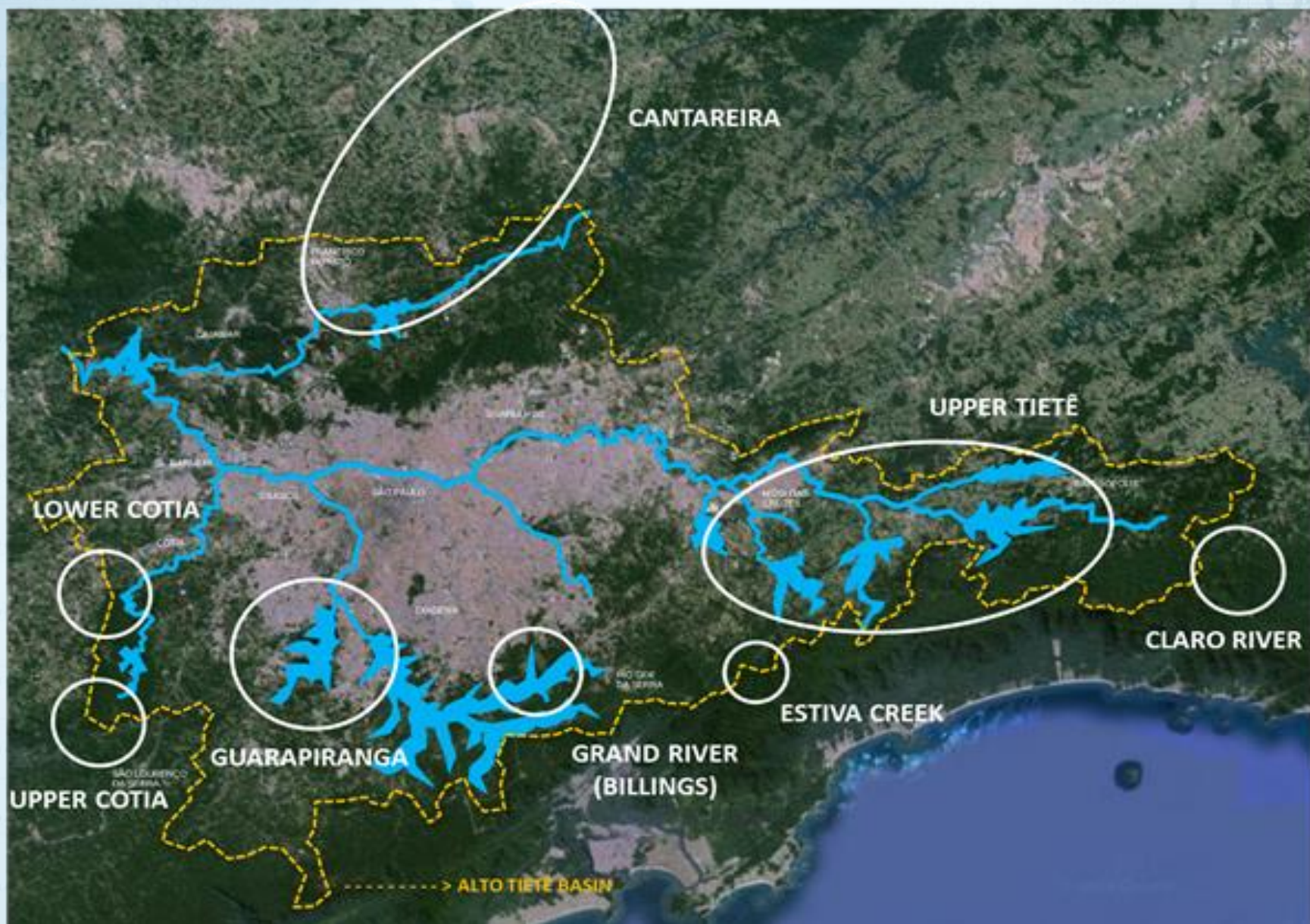
GOVERNAMENTAL SUBSIDIES?
NO

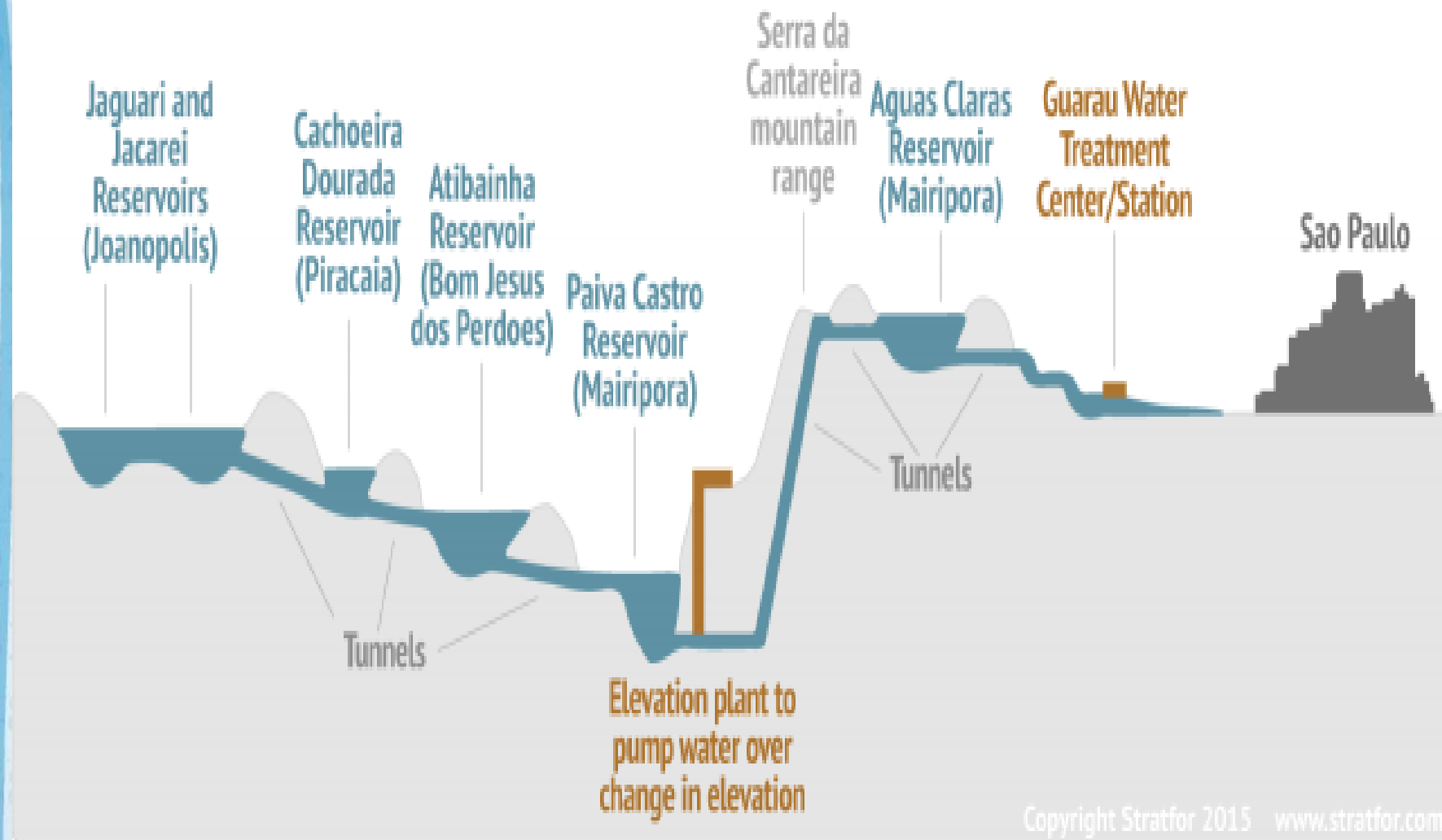
**CROSS SUBSIDIES AMONG
CONSUMERS?**
YES

**BECAUSE THE STATE
GOVERNMENT CONTROLS
SABESP, MUNICIPALITIES CAN
SIGN SERVICE CONTRACTS
WITHOUT GOING THROUGH A
BIDDING PROCESS**

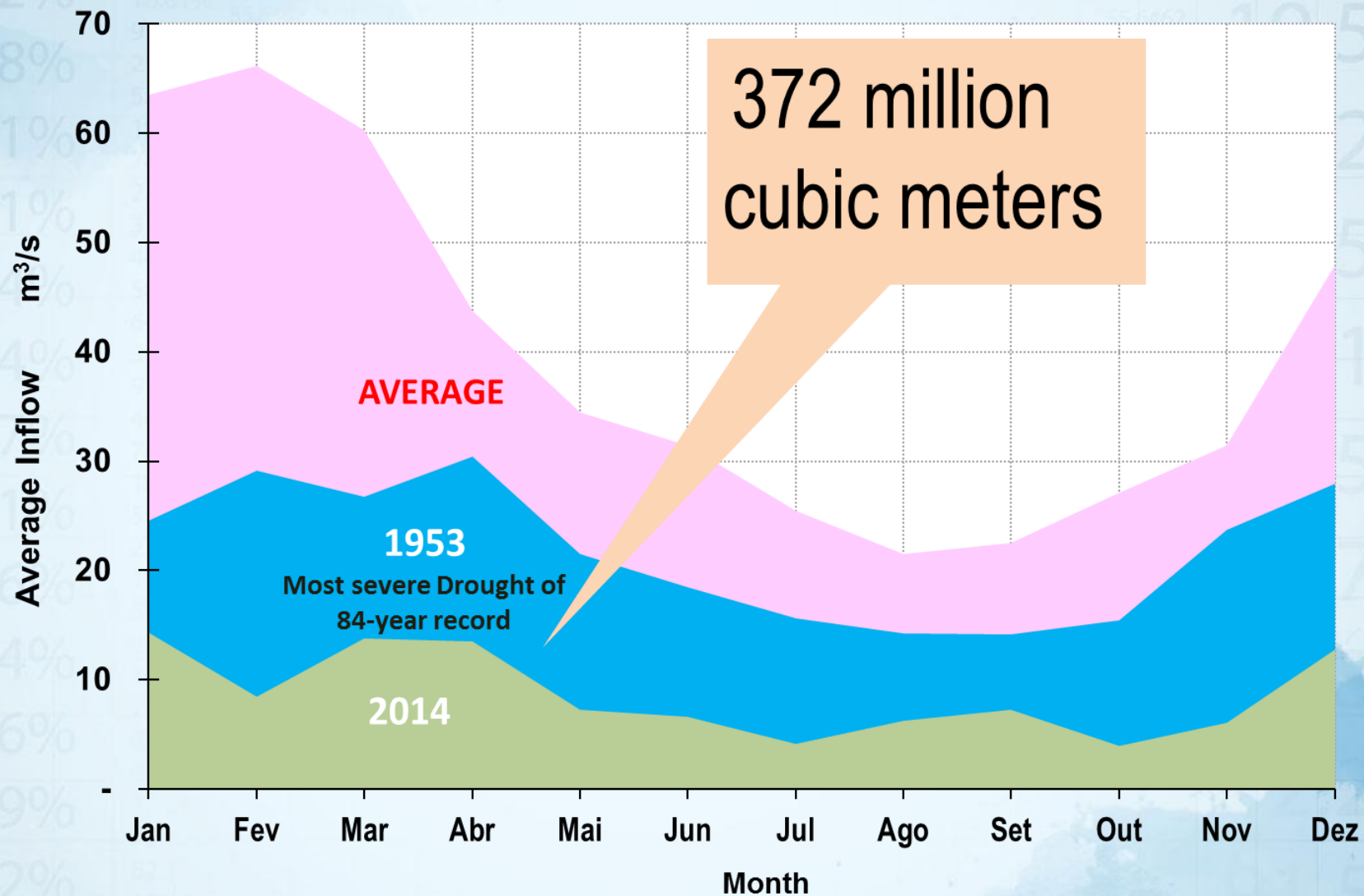
Long Term Low Cost Funding



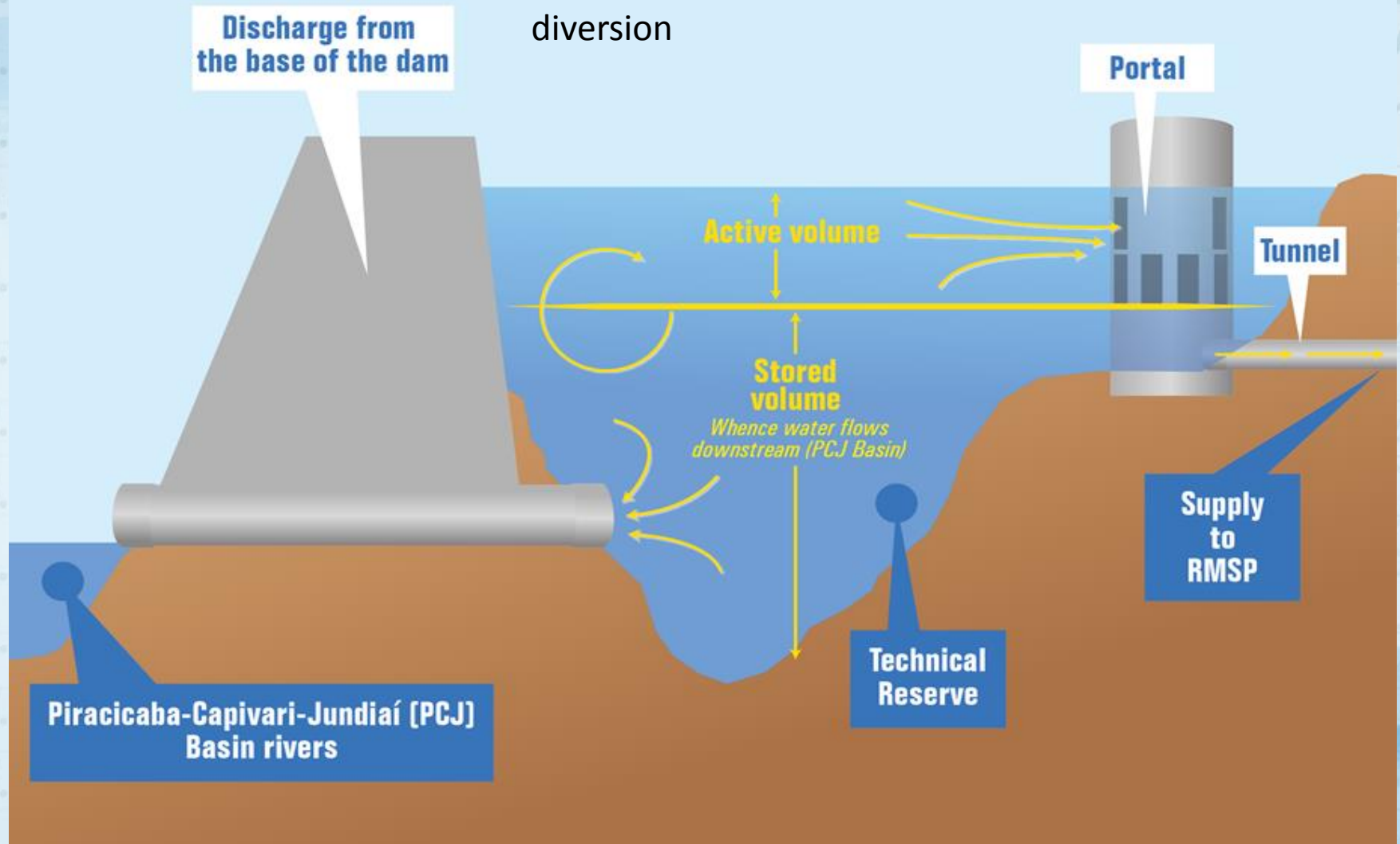




MONTHLY INFLOWS TO THE CANTAREIRA SYSTEM



Pump water out of the Cantareira System from a water elevation below the intake of the diversion



TUNNEL 7 ENTRY
Aug./2014



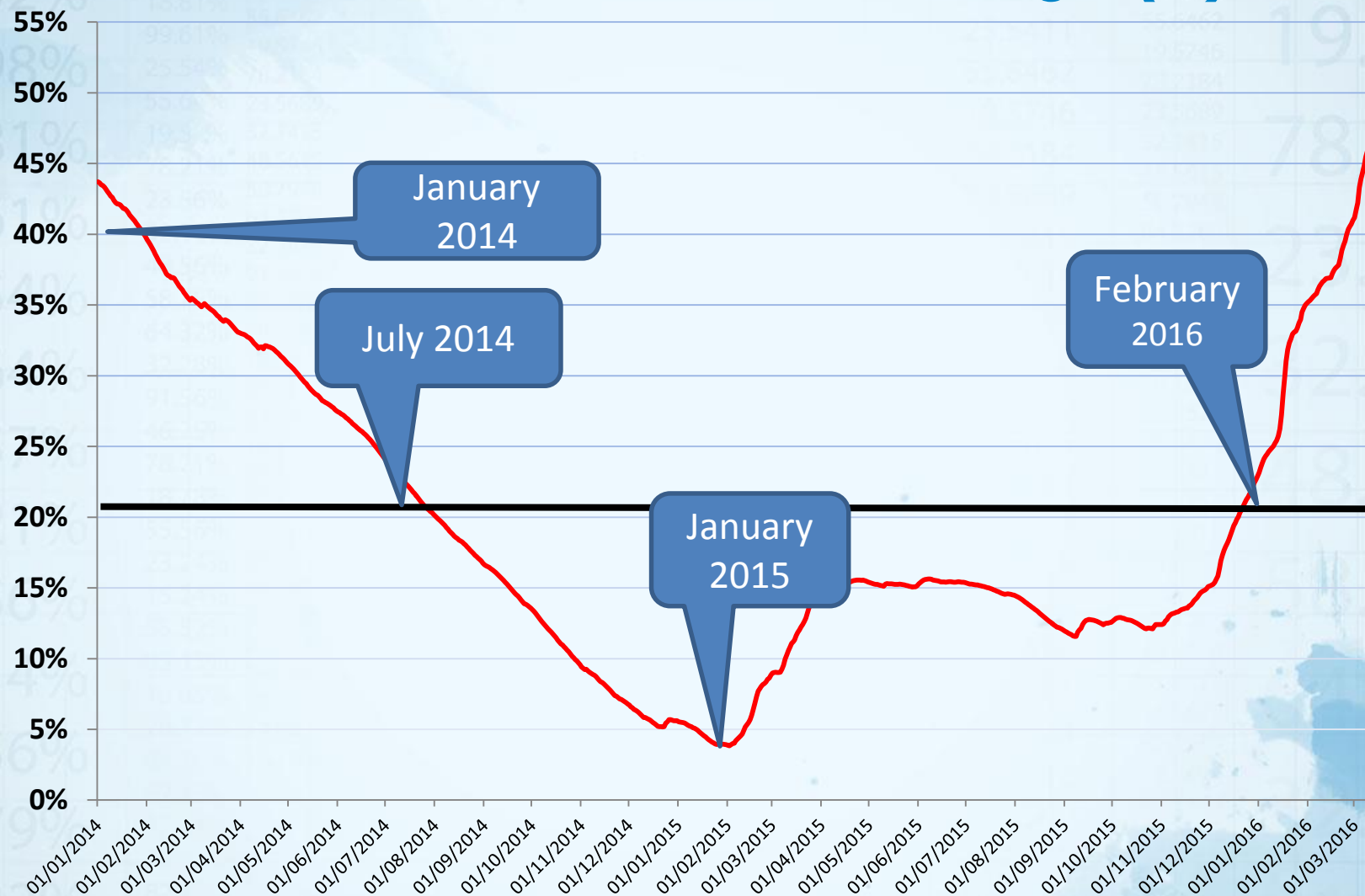


Jacaré Reservoir
Feb/2015
5% volume

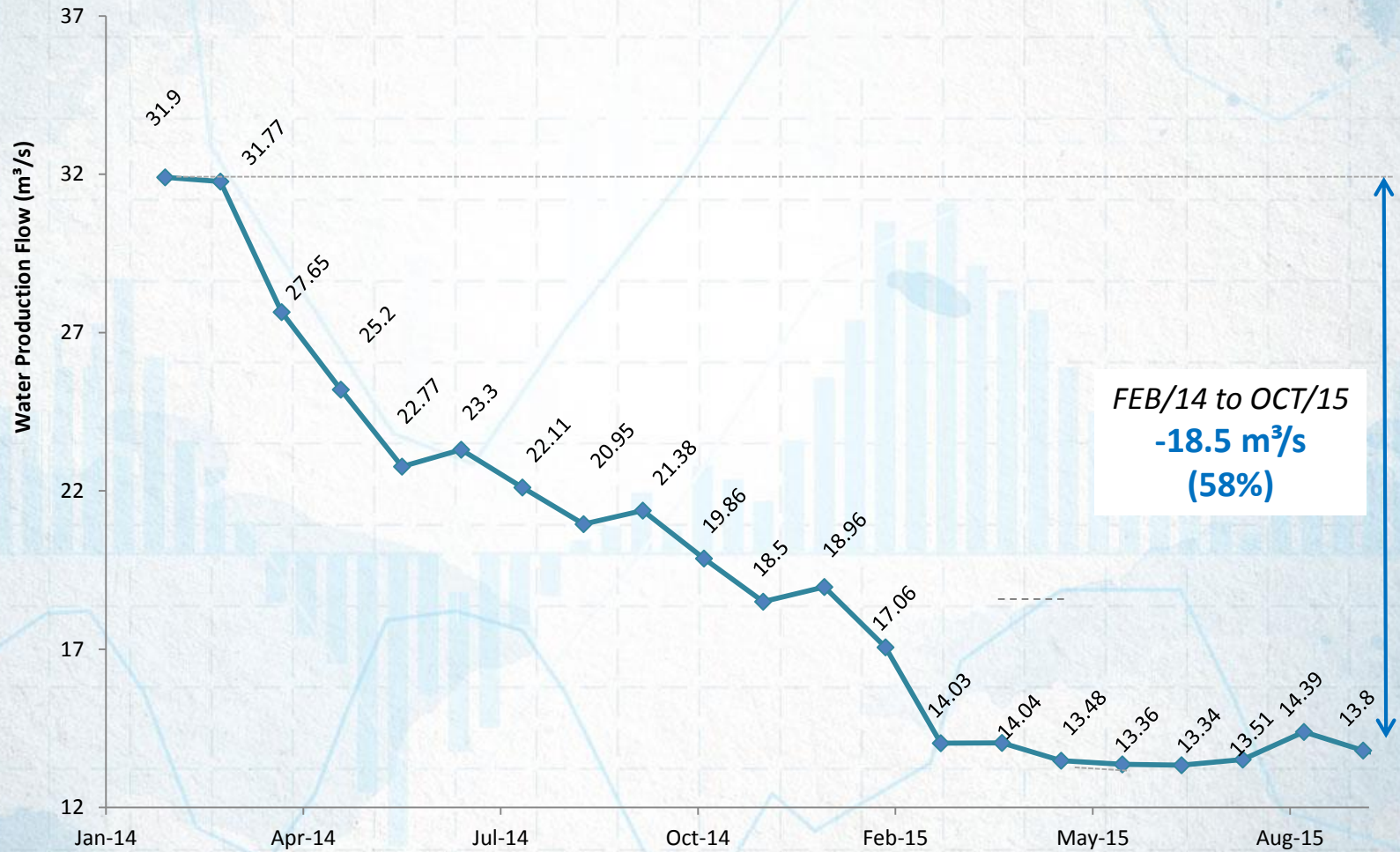
Floating pumps and cofferdam to tap Dead Storage



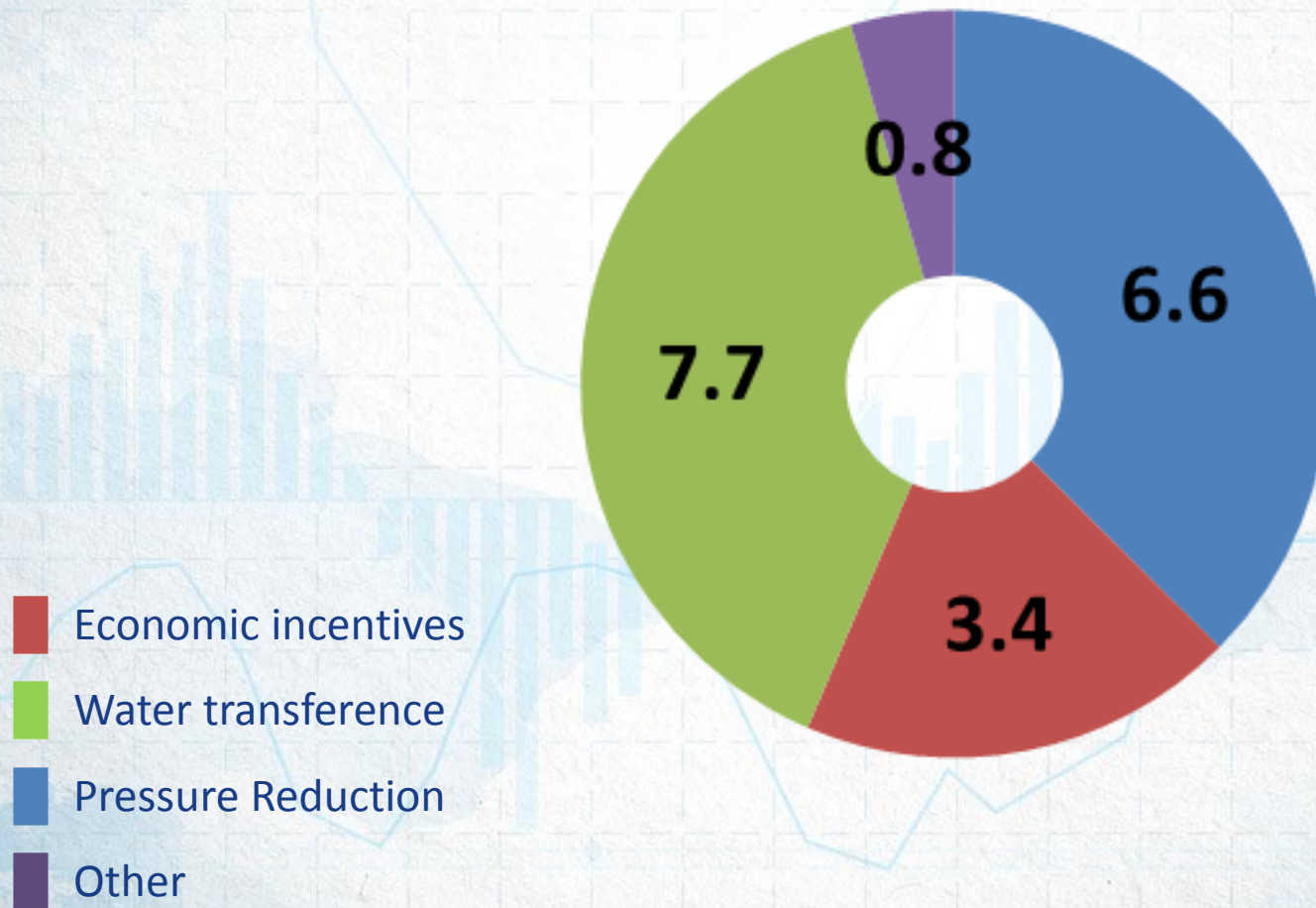
Evolution of Cantareira Storage (%)



Water Production in Cantareira System (m³/s)



How was it possible to reduce 18.5 m³/s (58%) of potable water production?





Discounts in the water bill for consumers that save water & penalties for those that overuse

Potable water transfer

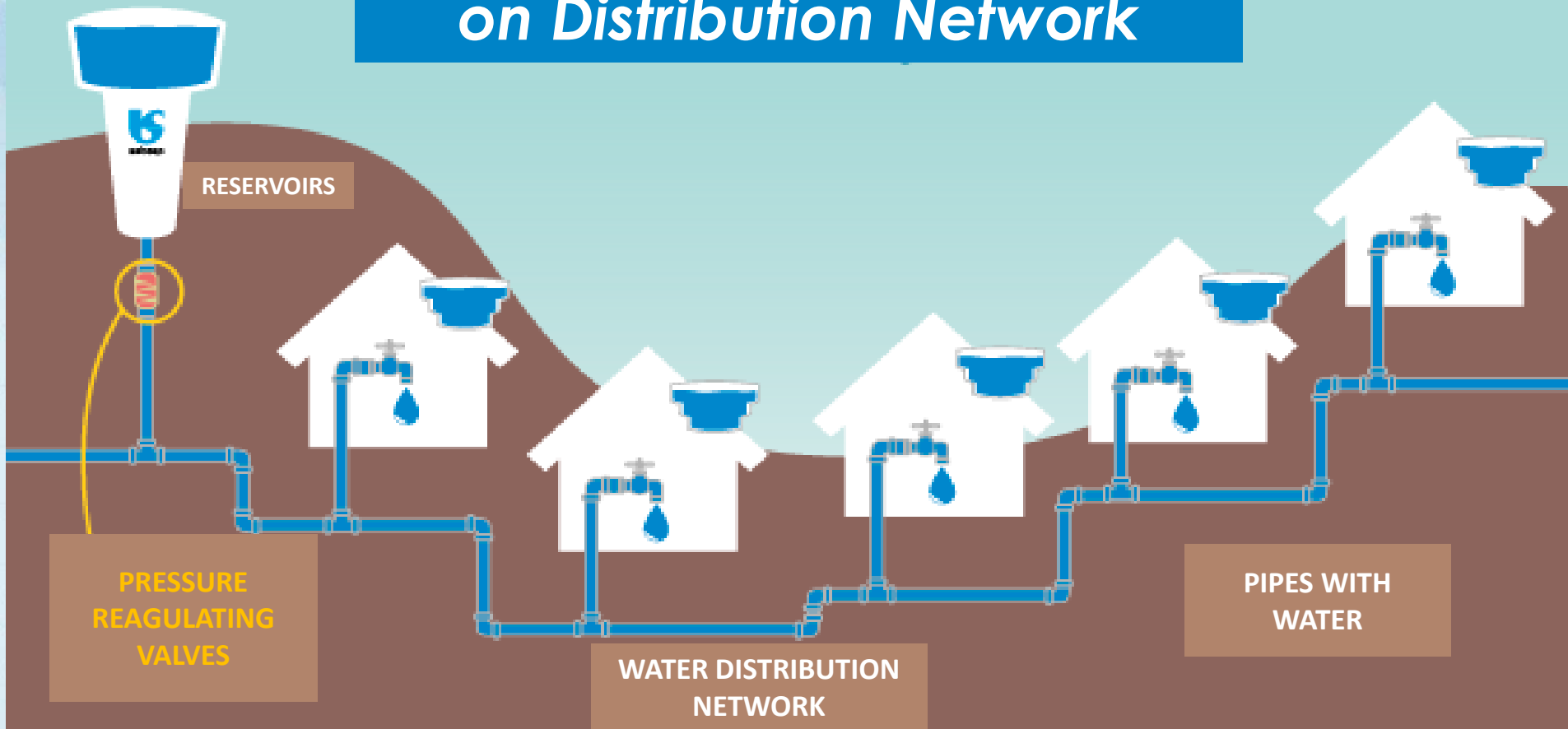
Reversão da Estação Elevatória Vila Guarani



Bulk water transfer

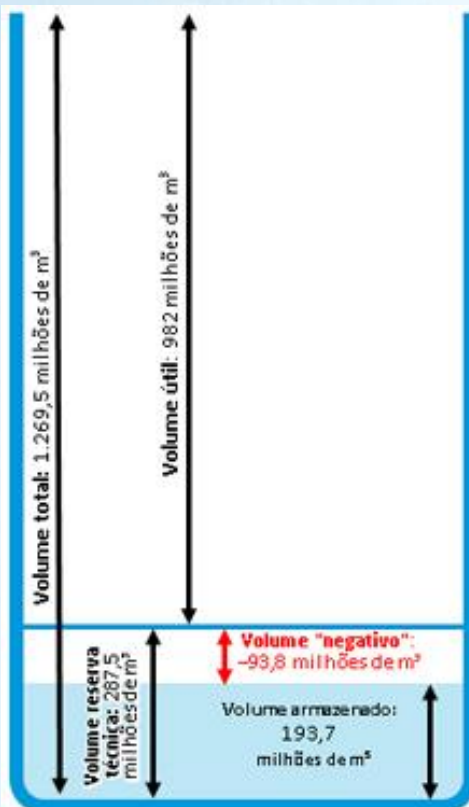


Pressure Reduction on Distribution Network



*Households receive water with lower pressure,
but the network continued pressurized*

Full disclosure of information



Definições:

Volume útil: volume estocado no reservatório que pode ser utilizado sem bombeamento.

Volume reserva técnica: volume estocado no reservatório que só pode ser utilizado com bombeamento.

É possível ampliar em cerca de 180 milhões de metros cúbicos o Volume da reserva técnica, desde que executadas obras que ampliem as instalações para o bombeamento.

Volume total: Volume útil + Volume reserva técnica

No dia de hoje 20/05/2015 o estoque de água no Sistema Cantareira é de 193,7 milhões de metros cúbicos (atualização diária entre 9h e 10h).

$$\text{Índice 1} = \frac{\text{Volume armazenado}}{\text{Volume útil}} \times 100 = 19,7\%$$

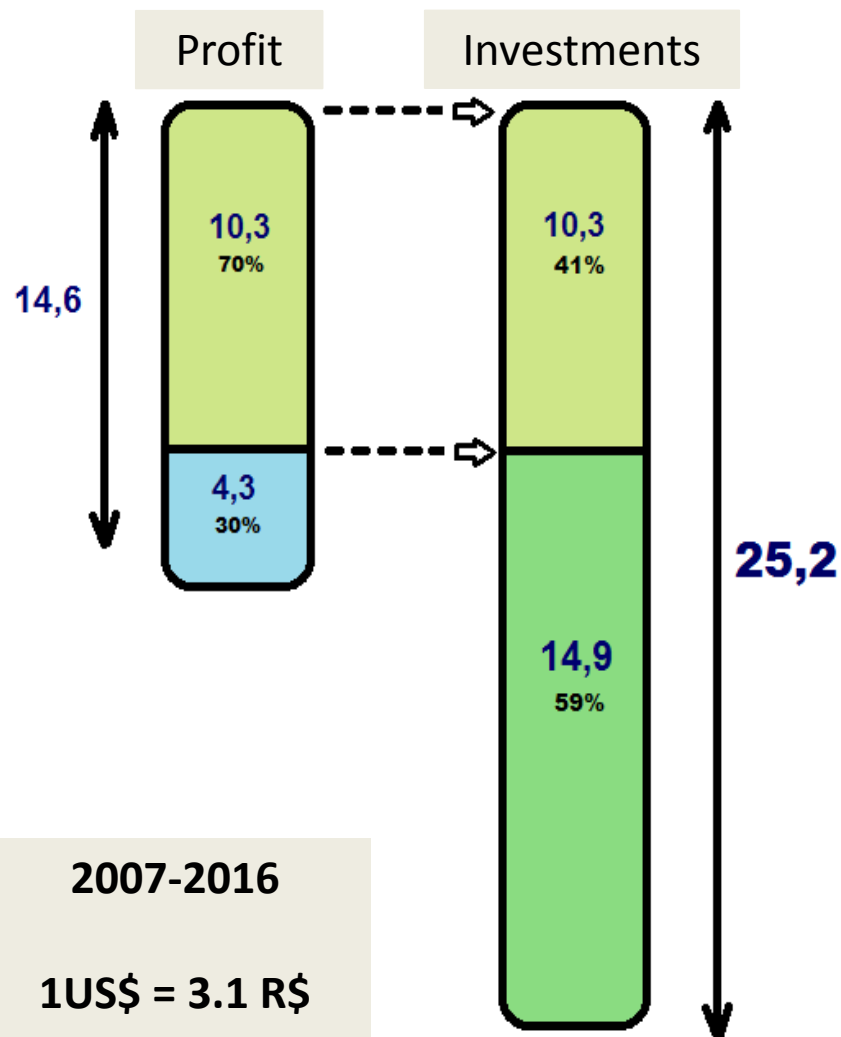
$$\text{Índice 2} = \frac{\text{Volume armazenado}}{\text{Volume total}} \times 100 = 15,3\%$$

$$\text{Índice 3} = \frac{\text{Volume armazenado} - \text{Volume reserva técnica}}{\text{Volume útil}} \times 100 = -9,6\%$$

* – Até 16/03/2015 a Sabesp divulgava apenas o armazenamento do Sistema Cantareira na forma de percentual do Volume útil.

** – O índice 3 foi inserido em 16/04/2015 em obediência à liminar concedida pelo Excelentíssimo Senhor Juiz de Direito da 7ª Vara de Fazenda Pública Doutor Evandro Carlos de Oliveira, que acatou ação proposta pelo Digníssimo Promotor Doutor Ricardo Castro.

Past and future



Strategy

Expand Service Area
Increase Revenues
Increase Company Value
Water & Sanitation for all

Debt limitation
Equity is needed

In 15 years...

Sabesp ADR: ↑ 900%

Dow Jones: ↑ 100%

There is still much to be done..





Sabesp has come a long way, continuously improving its governance, technical skills and productivity

A Government controlled company run as a private business aligns the interests of the populations with the shareholders (win-win)

Still, there is much to be done

Innovation, even better governance, capable regulation and equity are crucial for success

Thank you