

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

March 29, 2017

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 March, 2017
(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

SBSP3: R\$
31.60/share

SBS: US\$ 10.06
(ADR=1 share)

SABESP announces 2016 results

Total shares:
683,509,869

Market value: R\$
21.6 billion

Closing quote:
03/27/2017

São Paulo, March 27, 2017 - **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 **4Q16 and FY2016 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 2015.

1. Financial highlights

Gross operating revenue	11,122.2	8,946.8	2,175.4	24.3	2,974.2
Construction revenue	3,732.9	3,336.7	396.2	11.9	1,112.2
COFINS and PASEP taxes	(756.9)	(571.9)	(185.0)	32.3	(200.0)
(=) Net operating revenue	14,098.2	11,711.6	2,386.6	20.4	3,885.2
Costs and expenses	(7,026.6)	(5,550.1)	(1,476.5)	26.6	(1,878.2)
Construction costs	(3,651.4)	(3,263.8)	(387.6)	11.9	(1,088.2)
Equity result	4.7	2.5	2.2	88.0	2.2
Other operating revenue (expenses), net	4.7	143.8	(139.1)	(96.7)	(23.2)
(=) Earnings before financial result, income tax and social contribution	3,429.6	3,044.0	385.6	12.7	898.2
Financial result	699.4	(2,456.5)	3,155.9	(128.5)	163.4
(=) Earnings before income tax and social contribution	4,129.0	587.5	3,541.5	602.8	1,061.6
Income tax and social contribution	(1,181.9)	(51.2)	(1,130.7)	2,208.4	(114.8)
(=) Net income	2,947.1	536.3	2,410.8	449.5	946.8
Earnings per share* (R\$)	4.31	0.78			1.5

* Total shares = 683,509,869

Adjusted EBITDA Reconciliation (Non-accounting measures)

	<i>R\$ million</i>							
Net income	2,947.1	536.3	2,410.8	449.5	946.9	460.9	486.0	105.4
Income tax and social contribution	1,181.9	51.2	1,130.7	2,208.4	114.8	189.8	(75.0)	(39.5)
Financial result	(699.4)	2,456.5	(3,155.9)	(128.5)	(163.4)	86.7	(250.1)	(288.5)
Other operating revenues (expenses), net	(4.7)	(143.8)	139.1	(96.7)	23.2	(45.6)	68.8	(150.9)
(=) Adjusted EBIT*	3,424.9	2,900.2	524.7	18.1	921.5	691.8	229.7	33.2
Depreciation and amortization	1,146.6	1,074.1	72.5	6.7	287.6	265.4	22.2	8.4
(=) Adjusted EBITDA **	4,571.5	3,974.3	597.2	15.0	1,209.1	957.2	251.9	26.3
(%) Adjusted EBITDA margin	32.4	33.9			31.1	29.7		

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

(**) Adjusted EBITDA is 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 2016, net operating revenue, including construction revenue, reached R\$ 14,098.2 million; a 20.4% increase compared to 2015.

Costs and expenses, including construction costs, totaled R\$ 10,678.0 million, 21.1% higher than in 2015.

Adjusted EBIT, in the amount of R\$ 3,424.9 million, grew 18.1% from R\$ 2,900.2 million recorded in 2015.

Adjusted EBITDA, in the amount of R\$ 4,571.5 million, increased 15.0% from R\$ 3,974.3 million recorded in 2015.

The adjusted EBITDA margin was 32.4% in 2016 against 33.9% in 2015. Excluding construction revenues and construction costs, the adjusted EBITDA margin was 43.3% in 2016 (46.6% in 2015).

In 2016 the Company recorded a net income of R\$ 2,947.1 million, in comparison to a net income of R\$ 536.3 million in 2015.

2. Gross operating revenue

Gross operating revenue from water and sewage, not including construction revenue, totaled R\$ 11,122.2 million, an increase of R\$ 2,175.4 million or 24.3%, when compared to the R\$ 8,946.8 million recorded in 2015.

The main factors that led to this variation were:

- Tariff increase of 15.2% (7.8% ordinary tariff adjustment and 6.9% extraordinary tariff revision) since June 2015;
- Tariff increase of 8.4% since May 2016;
- Increase of 4.4% in the Company's total billed volume (4.0% in water and 4.8% in sewage); and
- Bonus granted within the Water Consumption Reduction Incentive Program, concluded in April 2016, was lower in 2016, amounting to R\$ 187.4 million (R\$ 926.1 million in 2015).

The increase resulting from the above mentioned factors was partially offset by the suspension of the Contingency Tariff in April 2016, in the amount of R\$ 224.7 million in 2016 (R\$ 499.7 million in 2015).

3. Construction revenue

Construction revenue increased R\$ 396.2 million or 11.9%, when compared to 2015. The variation was mainly due to higher investments in the municipalities served by the Company.

4. Billed volume

The following tables show the water and sewage billed volume, on quarter-on-quarter and annual basis, per customer category and region.

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

Residential	392.0	374.9	4.6	332.7	316.0	5.3	724.7	690.9	4.9
Commercial	41.2	40.5	1.7	39.3	38.5	2.1	80.5	79.0	1.9
Industrial	7.9	8.0	(1.3)	9.6	9.7	(1.0)	17.5	17.7	(1.1)
Public	10.3	9.8	5.1	9.1	8.6	5.8	19.4	18.4	5.4
Total retail	451.4	433.2	4.2	390.7	372.8	4.8	842.1	806.0	4.5
Wholesale ⁽³⁾	60.2	50.7	18.7	7.8	6.1	27.9	68.0	56.8	19.7
Total	511.6	483.9	5.7	398.5	378.9	5.2	910.1	862.8	5.5

Residential	1,527.6	1,465.0	4.3	1,294.0	1,232.1	5.0	2,821.6	2,697.1	4.6
Commercial	162.9	160.0	1.8	155.0	151.9	2.0	317.9	311.9	1.9
Industrial	31.6	32.6	(3.1)	38.3	38.9	(1.5)	69.9	71.5	(2.2)
Public	40.8	40.6	0.5	35.9	33.4	7.5	76.7	74.0	3.6
Total retail	1,762.9	1,698.2	3.8	1,523.2	1,456.3	4.6	3,286.1	3,154.5	4.2
Wholesale ⁽³⁾	227.4	215.5	5.5	29.0	24.4	18.9	256.4	239.9	6.9
Total	1,990.3	1,913.7	4.0	1,552.2	1,480.7	4.8	3,542.5	3,394.4	4.4

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

Metropolitan	290.7	277.6	4.7	252.8	240.8	5.0	543.5	518.4	4.8
Regional ⁽²⁾	160.7	155.6	3.3	137.9	132.0	4.5	298.6	287.6	3.8
Total retail	451.4	433.2	4.2	390.7	372.8	4.8	842.1	806.0	4.5
Wholesale ⁽³⁾	60.2	50.7	18.7	7.8	6.1	27.9	68.0	56.8	19.7
Total	511.6	483.9	5.7	398.5	378.9	5.2	910.1	862.8	5.5
Metropolitan	1,136.7	1,084.3	4.8	987.8	939.1	5.2	2,124.5	2,023.4	5.0
Regional ⁽²⁾	626.2	613.9	2.0	535.4	517.2	3.5	1,161.6	1,131.1	2.7
Total retail	1,762.9	1,698.2	3.8	1,523.2	1,456.3	4.6	3,286.1	3,154.5	4.2
Wholesale ⁽³⁾	227.4	215.5	5.5	29.0	24.4	18.9	256.4	239.9	6.9
Total	1,990.3	1,913.7	4.0	1,552.2	1,480.7	4.8	3,542.5	3,394.4	4.4

(1) Unaudited

(2) Including coastal and interior region

(3) Reused water volume and non-domestic sewage are included in

5. Costs, administrative, selling and construction expenses

In 2016, costs, administrative, selling and construction expenses, grew 21.1% (R\$ 1,864.1 million). Excluding construction costs, total costs and expenses increased by 26.6% (R\$ 1,476.5 million).

As a percentage of net revenue, costs and expenses were 75.7% in 2016 compared to 75.3% in 2015.

Salaries and payroll charges and Pension plan obligations	2,171.2	2,193.7	(22.5)	(1.0)	683.2	578.3	10
General supplies	179.4	178.6	0.8	0.4	54.8	44.9	9
Treatment supplies	279.2	269.3	9.9	3.7	73.8	70.5	3
Services	1,278.8	1,162.6	116.2	10.0	333.0	300.1	32
Electricity	935.0	817.5	117.5	14.4	227.1	230.1	(3)
General expenses	855.0	466.7	388.3	83.2	214.4	219.1	(4)
Tax expenses	91.0	81.5	9.5	11.7	24.5	23.6	0
São Paulo state government reimbursement	-	(696.3)	696.3	-	-	-	
Sub-total	5,789.6	4,473.6	1,316.0	29.4	1,610.8	1,466.6	14
Depreciation and amortization	1,146.6	1,074.1	72.5	6.7	287.6	265.4	22
Allowance for doubtful accounts	90.4	2.4	88.0	3,666.7	(19.6)	(7.0)	(12)
Sub-total	1,237.0	1,076.5	160.5	14.9	268.0	258.4	9
Costs, administrative and selling expenses	7,026.6	5,550.1	1,476.5	26.6	1,878.8	1,725.0	15
Construction costs	3,651.4	3,263.8	387.6	11.9	1,088.1	809.2	27
Costs, adm., selling and construction expenses	10,678.0	8,813.9	1,864.1	21.1	2,966.9	2,534.2	43
% of net revenue	75.7	75.3			76.4	78.6	

5.1. Salaries and payroll charges and Pension plan obligations

There was a decrease of R\$ 22.5 million in 2016, mainly due to:

- Decrease of R\$ 307.4 million due to the migration of 3,572 participants from the Defined Benefit Plan (G1) to the Defined Contribution Plan (Sabesprev Mais), generating in advance a decrease of R\$ 334.2 million in the actuarial deficit, offset by the extraordinary contribution and incentive of R\$ 26.8 million;

The above mentioned decrease was partly compensated by the following factors:

- Increase of R\$ 126.8 million due to the 10.03% salary adjustment in May 2016;
- Increase of R\$ 129.9 million in provisions for severance pay (TAC), mainly due to the higher number of retired employees in 2016; and
- R\$ 27.6 million increase in provisions for supplementary payments for retirement plans and pensions under the G0 Plan, due to changes in actuarial assumptions.

5.2. Services

Services expenses, in the amount of R\$ 1,278.8 million, grew R\$ 116.2 million or 10.0%, in comparison to R\$ 1,162.6 million in 2015. The main items that led to this increase were:

- Maintenance of networks and sewage and equipment connections, amounting to R\$ 28.8 million;
- Advertising campaigns totaling R\$ 19.5 million;
- Asphalt and pavement replacement amounting to R\$ 15.6 million;
- Reading water meters and delivering bills, R\$ 14.1 million;
- Surveillance contract, R\$ 7.9 million; and
- Credit recovery contracts totaling R\$ 7.7 million.

5.3. Electricity

Electricity expenses totaled R\$ 935.0 million in 2016, an increase of R\$ 117.5 million or 14.4% in comparison to the R\$ 817.5 million in 2015. The main factors that contributed to this increase were:

- Average increase of 15.4% in the free market tariffs, with an 2.3% increase in consumption;
- Average increase of 21.5% in the grid market tariff (TUSD), with a 5.0% rise in consumption; and
- Average increase of 1.5% in the regulated market tariffs, with consumption remaining stable.

In 2016, the regulated market accounted for 37.3% of the total electricity consumed by the Company, the free market accounted for 32.6% and the grid market accounted for 30.1% of total consumption.

5.4. General expenses

General expenses increased R\$ 388.3 million, or 83.2%, totaling R\$ 855.0 million in 2016, versus the R\$ 466.7 million recorded in 2015, mainly due to:

- Increase of R\$ 212.3 million, mainly due to increased provisions for court proceedings in 2016 and reversals in 2015, resulting from judicial decisions;
- Higher provision for the Municipal Fund for Environmental Sanitation and Infrastructure, in the amount of R\$ 101.1 million, as a result of the increase in revenues with the municipality of São Paulo;
- Provision of R\$ 38.1 million concerning the agreement entered into with EMAE – Empresa Metropolitana de Águas e Energia; and
- Reversal of provision in 2015, amounting to R\$ 17.9 million, due to the recovery of funds from the São Paulo State Government (GESP), due to employees assignment.

5.5. GESP Reimbursement

In 2015, the Company entered into an Agreement with the São Paulo State Government (GESP) in order to receive the undisputed amount related to the state government's debt with the Company for the payment of the benefits related to State Law 4,819, of August 26, 1958, to former employees (G0), which generated a R\$ 696.3 million credit in the result.

5.6. Depreciation and amortization

Depreciation and amortization increased R\$ 72.5 million or 6.7%, reaching R\$ 1,146.6 million in 2016 in comparison to the R\$ 1,074.1 million recorded in 2015, largely due to the beginning of operations of intangible assets, in the amount of R\$ 2.1 billion.

5.7. Allowance for doubtful accounts

Increase of R\$ 88.0 million, mainly resulting from:

- Increase in default, causing a R\$165.4 million impact; and
- Lower recovery of funds, amounting to R\$ 34.5 million.

This increase was partially offset by the higher receipt of court-ordered debt payments, especially from the city of Guarulhos, amounting to R\$ 110.9 million.

6. Other operating revenues (expenses), net

Other net operational revenues and expenses reported a negative variation of R\$ 139.1 million, mainly due to the following events:

- Reduction of R\$ 47.4 million in revenue from the sale of properties;
- Decline of R\$ 42.8 million in revenue from the sale of surplus electricity; and
- Decrease of R\$ 23.2 million in the amount received from REAGUA - Programa Estadual de Apoio à Recuperação de Águas (State Program to Support Water Recovery).

7. Financial result

	<i>R\$ million</i>			
Financial expenses, net of income	(332.8)	(435.4)	102.6	(23.6)
Net monetary and exchange variation	1,032.2	(2,021.1)	3,053.3	(151.1)
Financial result	699.4	(2,456.5)	3,155.9	(128.5)

7.1. Financial income and expenses

R\$ million

Financial expenses				
Interest and charges on domestic loans and financing	(317.4)	(326.3)	8.9	(2.7)
Interest and charges on international loans and financing	(113.3)	(127.3)	14.0	(11.0)
Other financial expenses	(198.6)	(210.1)	11.5	(5.5)
Total financial expenses	(629.3)	(663.7)	34.4	(5.2)
Financial income	296.5	228.3	68.2	29.9
Financial expenses net of income	(332.8)	(435.4)	102.6	(23.6)

7.1.1. Financial expenses

Decrease of R\$ 34.4 million, mainly due to the following events:

- Interest and charges on domestic loans and financing: reduction of R\$ 8.9 million, due to increased capitalization of interests in 2016, as a result of an upturn in work in progress; and
- Interest and charges on international loans and financing: decrease of R\$ 14.0 million, due to the reduction in the total debt amount, as a result of the depreciation of the dollar and the yen in 2016 (16.5% and 13.9%, respectively), versus an appreciation in 2015 (47.0% and 45.9%, respectively).

7.1.2. Financial income

Increase of R\$ 68.2 million, chiefly due to higher interest on financial investments in 2016, as a result of the upturn in the invested amount.

7.2. Monetary and exchange rate variation on assets and liabilities

	<i>R\$ million</i>			
Monetary variation on loans and financing	(121.0)	(171.7)	50.7	(29.5)
Currency exchange variation on loans and financing	1,090.2	(1,992.7)	3,082.9	(154.7)
Other monetary variations	(89.5)	(24.3)	(65.2)	268.3
Monetary/exchange rate variation on liabilities	879.7	(2,188.7)	3,068.4	(140.2)
Monetary/exchange rate variation on assets	152.5	167.6	(15.1)	(9.0)
Monetary/exchange rate variation, net	1,032.2	(2,021.1)	3,053.3	(151.1)

7.2.1 Monetary and exchange rate variation on liabilities

The effect of monetary and currency variations in 2016 was R\$ 3,068.4 million less than in 2015, mainly due to:

- Reduction of R\$ 50.7 million in expenses with monetary variation on loans and financing, due to the lower increase in the IPCA in 2016 compared with 2015 (6.29% and 10.67%, respectively).
- A positive variation of R\$ 3,082.9 million in the cost of currency variations on loans and financing, due to the dollar and the yen devaluation against the *Real* in 2016 (16.5% and 13.9%, respectively), compared with their appreciation in 2015 (47.0% and 45.9%, respectively); and
- Increase in the cost of other monetary variations by R\$ 65.2 million, principally due to higher provisioning for court proceedings in 2016.

7.2.2 Monetary and exchange rate variation on assets

Decrease of R\$ 15.1 million, mainly due to the lower monetary restatement of judicial deposits in 2016.

8. Income tax and social contribution

Increase of R\$ 1,130.7 million, mainly due to the upturn in operating revenue and the financial result, which was impacted by exchange rate oscillations. These increases were partially offset by the upturn in operating costs and expenses.

9. Indicators

9.1. Operating

Water production volume increased 9.3% in 2016.

Water connections ⁽¹⁾	8,654	8,420	2.8
Sewage connections ⁽¹⁾	7,091	6,861	3.4
Population directly served - water ⁽²⁾	24.7	24.4	1.2
Population directly served - sewage ⁽²⁾	21.3	21.0	1.4
Number of Employees ⁽³⁾	14,137	14,223	(0.6)
Water volume produced ⁽⁴⁾	2,696	2,467	9.3
IPM - Measured water loss (%)	31.8	28.5	11.6
IPDt (liters/connection x day)	308	258	19.4

(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 2015, the number included 370 employees retired for disability, excluded from the total figure in 2016.

(4) In millions of cubic meters

(*) Unaudited

9.2. Financial

Accumulated Amplified Consumer Price Index (%)	6.29	10.67
Accumulated Referential Rate (%)	2.01	1.80
Interbank Deposit Certificate (%)	13.63	14.14
US DOLAR (R\$)	3.2591	3.9048
YEN (R\$)	0.02792	0.03243

(*) Unaudited

10. Loans and financing

In November 2016, the Company paid the last installment of the principal and interest of the Eurobond 2016 issue, in the amount of R\$ 454 million.

R\$ million

Local currency								
Caixa Econômica Federal	59.2	63.5	65.4	67.6	71.1	74.8	745.8	1,147.4
Debentures	596.0	889.4	1,001.5	416.9	197.1	176.7	253.6	3,531.2
BNDES	87.5	93.3	101.4	83.4	83.0	83.0	408.0	939.6
Leasing	14.9	39.1	29.0	30.6	32.3	34.1	372.4	552.4
Others	0.7	1.4	1.4	1.4	1.4	1.4	3.9	11.6
Interest and other charges	121.6	-	-	-	-	-	-	121.6
Total in local currency	879.9	1,086.7	1,198.7	599.9	384.9	370.0	1,783.7	6,303.8
Foreign currency								
IADB	190.4	108.6	108.6	108.6	108.6	108.6	1,064.7	1,798.1
IBRD	-	-	8.7	17.4	17.4	17.4	199.4	260.3
Deutsche Bank 350	-	240.1	240.1	-	-	-	-	480.2
Eurobond	-	-	-	1,137.4	-	-	-	1,137.4
JICA	62.3	63.5	105.2	105.2	105.2	105.2	1,060.0	1,606.6
IDB 1983AB	78.0	77.4	57.7	55.8	25.0	25.0	22.9	341.8
Interest and other charges	35.9	-	-	-	-	-	-	35.9
Total in foreign currency	366.6	489.6	520.3	1,424.4	256.2	256.2	2,347.0	5,660.3
Total	1,246.5	1,576.3	1,719.0	2,024.3	641.1	626.2	4,130.7	11,964.1