Sabesp

Brazil | Outperform

March 18, 2024 | Company Update

Still Attractive Risk-Reward Balance; Raising Estimates and TP

We are raising our estimates for Sabesp and setting a new target price of BRL 120.3/share (vs. BRL 83.6/share previously), after incorporating the new regulatory framework proposed in the public consultation process for the new concession contract. Our target price implies an EV/RAB multiple of 1.24x (vs. the current multiple of 0.87x) EV/RAB and represents almost 58% upside potential to the current stock price. We see room for substantial efficiency gains ahead, but the magnitude and speed of the changes will depend on the company's future governance.

- **Constructive view on new regulatory framework.** The state government of São Paulo recently opened a public consultation process to discuss the new concession contract model between Sabesp and the municipalities, as well as several documents detailing the new regulatory framework that will be part of the concession contract. Stakeholders had until March 15 to submit their contributions. We believe that the proposed terms are well-balanced, allowing Sabesp to create value if it operates efficiently and meets the universalization targets, and penalizing the company if it operates poorly and misses the targets. The documents leave less room for a discretionary approach by the regulator, particularly regarding key items like capex recognition, opex calculation and efficiency targets.

- **Massive room to unlock value post privatization, keeping part of the efficiency gains.** According to the preliminary terms of the public consultation, the company will keep all efficiency gains generated during the first tariff cycle (until December 2030) and will likely begin to share part of the gains from the second cycle onward. The document does not disclose the percentage to be shared per tariff cycle from 2031 onward, but it will be defined before the privatization. Our model assumes that the company will be able to reduce roughly 50% of its unitary controllable opex (BRL/m^3) by the end of 2028 (compared with its reported opex for 2023), reaching its normalized level. From the second cycle onward, we assume an efficiency sharing ratio of 50% until the end of the concession.

- **It's all about future governance, but will it attract a strategic investor?** Sabesp has underperformed in recent weeks, as investors have become more skeptical on the chances of the state attracting a strategic investor. According to an article in *Valor Econômico*, the government has been analyzing the possibility of holding a separate auction to attract a strategic investor, who would compete with other strategic investors for a stake of 15%-20% in the company, at a price that could differ from the price to be paid by the remaining investors in the bookbuilding process. The legal argument for the difference in price is that the strategic investor would be subject to a five-year lockup, and would therefore be bound by more restrictive conditions than the remaining investors. We see this structure as very positive because it increases the odds of attracting a strategic investor, who would still be able to bid even if the stock price goes up a lot. The risk without this structure is the potential for the remaining investors to become overly bullish about the possibility of a bid by a good strategic investor, driving the stock price to a level at which it would no longer make sense for the strategic investor to bid, leading to a repeat of the outcome in the privatization of Eletrobras. That said, many investors we spoke with over the past few weeks believe that, for legal reasons, it will not be possible to set a different price for the strategic investor and the rest of the market.

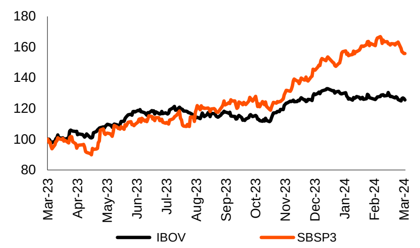
- **Equatorial, Cosan, Votorantim and AEGEA are analyzing this opportunity**. It seems that the government of SP is making a concerted effort to attract a strategic investor, given the massive challenge in universalizing the service. However, the deal is expected to move forward under a full corporation structure, even if the state fails to attract any of these players. Although we do not believe that this would be the best model, it would still be positive for Sabesp. As with the Eletrobras privatization, shareholders will have the opportunity to form a good board of directors that will define the company's new strategy and any potential changes to be implemented. We see significant upside potential in either a strategic investor or a full corporation structure.

Ticker (local)	SBSP3
Target Price (YE24)	BRL 120.3

Stock Data

Current price	BRL	76.01
Upside (YE24)	%	58
52 Week high/low	BRL	83.7/43.78
Shares outstanding	th	683,510
Market capitalization	BRL m	51,946
Performance (%)	1m	12m
Absolute	-3.2	49.9
Vs. Ibovespa	-3.7	20.8
Performance (%)	1m	12m

Company x Ibovespa



Source: Itaú BBA

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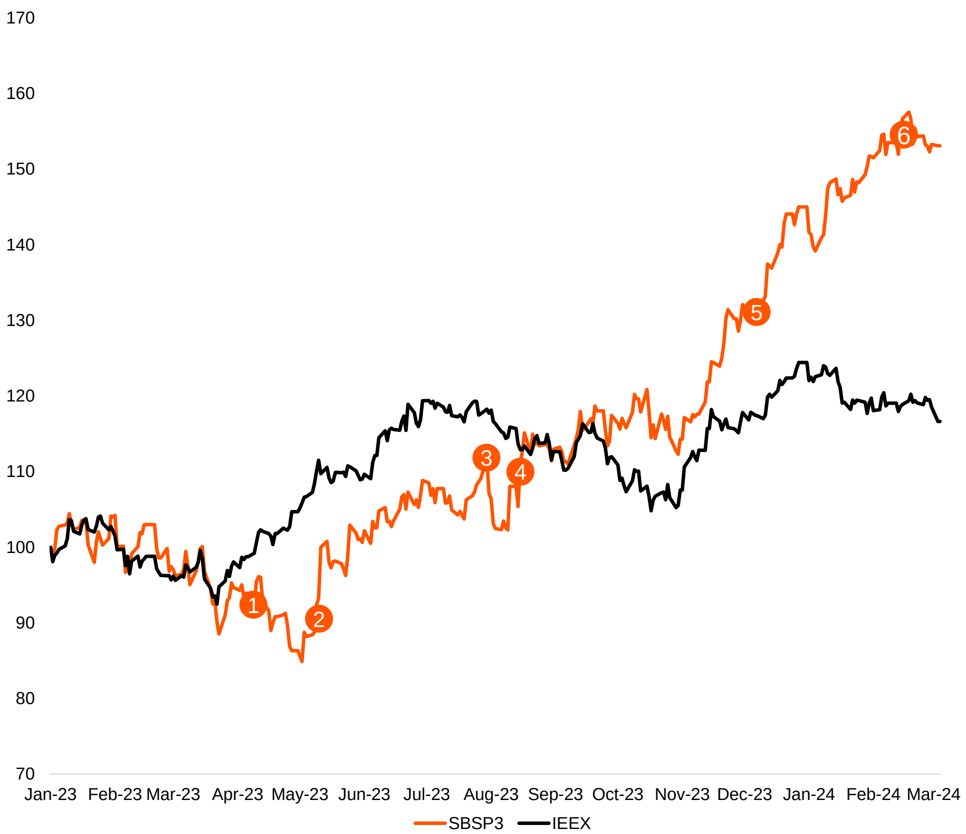
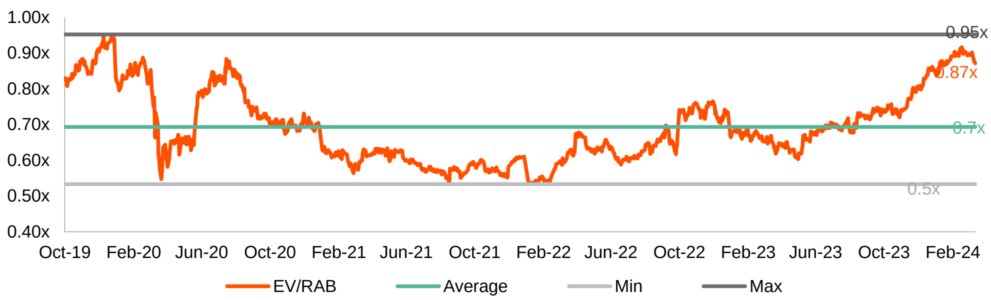
A BRIEF RECAP OF THE MOST RECENT DEVELOPMENTS

Since our last update, there have been several key milestones and de-risking events in the privatization process (the stock is up by 30% since our last update in September).

Share Price Evolution and Main Events



12-Month Forward EV/RAB, Last Four Years



Source: Itaú BBA, Economatica

1. **April 7, 2023.** ARSESP published a technical note announcing the final result of the extraordinary tariff reset, which led to a real increase in tariff of 5.55%.
2. **May 11, 2023.** Announcement of the voluntary dismissal program, which could generate potential cost savings of BRL 500 million, ~7% of the company´s LTM PMSO. **SBSP3 soared by 7% in the following trading session.**
3. **July 31, 2023.** The São Paulo state government presented the results of the *phase zero* studies for the privatization of Sabesp. **SBSP3 fell by 4% in the following session.**
4. **August 16, 2023.** The São Paulo state government published Decree 67.880 establishing a new regulation for the governance of URAEs. This was a key milestone in Sabesp's privatization process, because it facilitates the state's negotiation of the privatization terms with municipalities. Sabesp later confirmed in a material fact that the municipality of São Paulo had signed and joined a URAE. **SBSP3 rallied 6% during the day's trading session.**
5. **December 6, 2023.** The privatization bill was sent to the Legislative Assembly and was approved by a wide margin of 62 votes, vs. a minimum requirement of 48 votes. From the approval of the bill until the end of the year, **SBSP3 soared by 9%** (see note).
6. **February 16, 2024.** The São Paulo state government opened a public consultation process to discuss the new concession contract model between Sabesp and the municipalities that will comprise the URAE-1, as well as several documents detailing the new regulatory framework. Stakeholders had until March 15 to submit their contributions to the proposal. (see note).

IT'S ALL ABOUT GOVERNANCE, BUT WILL IT ATRACT A STRATEGIC INVESTOR?

Sabesp has underperformed in recent weeks, as investors have become more skeptical about the chances of the state attracting a strategic investor. According to an article in *Valor Econômico*, the government has been analyzing the possibility of holding a separate auction to attract a strategic investor, who would compete with other strategic investors for a stake of 15%-20% in the company, at a price that could differ from the price to be paid by the remaining investors in the bookbuilding process. The legal argument for the different in price is that the strategic investor would be subject to a five-year lockup and would therefore be bound by more restrictive conditions than the remaining investors. We see this structure as very positive because it increases the odds of attracting a strategic investor, who would still be able to bid even if the stock price shoots up. The risk without this structure is the potential for the remaining investors to become overly bullish about the possibility of a bid by a good strategic investor, driving the stock to a level at which it would no longer make sense the strategic investor to bid, leading to a repeat of the outcome in the privatization of Eletrobras. That said, many investors we spoke with over the past few weeks believe that, for legal reasons, it will not be possible to set a different price for the strategic investor and the rest of the market, making the deal less appealing to a strategic investor. Some investors therefore believe that the most likely outcome is to make Sabesp a full corporation.

Governance details are likely to be disclosed by the state government of São Paulo by late April. In our view, the proposed terms will give the strategic investor special powers to have a more meaningful impact on Sabesp and provide the necessary tools and conditions to universalize its services by 2029. The strategic investor will probably be subject to a lockup period of at least five years, and AEGEA's CEO recently suggested that the lockup should be even longer (at least 10 years), given the long maturity of sanitation investments. The potential stake the government of Sao Paulo in the company post privatization remains unclear, but we believe that the more it sells, the better. According to an article by Lauro Jardim in *O Globo* (published on March 9), the state government of São Paulo is considering reducing its stake in Sabesp from 51% to 30%, which is a smaller reduction than we were expecting**.**

Equatorial, Cosan, Votorantim and AEGEA are analyzing this opportunity. It seems that government of SP is making a concerted effort to attract a strategic investor, given the massive challenge in universalizing the service. However, the deal is expected to move forward under a full corporation structure, even if the state fails to attract any of these players. Although we do not believe that this would be the best model, it would still be positive for Sabesp. As with the Eletrobras privatization, shareholders will have the opportunity to form a good board of directors that will define the company's new strategy and any potential changes to be implemented. The stock continues to trade at a very attractive valuation, below 0.9x EV/RAB, which suggests strong upside potential in either a strategic investor or a full corporation structure.

OUR TAKE ON THE PROPOSED REGULATORY TERMS

The opening of the public consultation process to discuss the new concession contract terms was, in our view, a key de-risking event. The proposed changes in the regulatory model were overall positive, allowing the company to create value if it operates efficiently and protecting the company from potential turmoil with the solid contract terms. Contrary to the current framework under which ARSESP adopts a forward-looking structure to set the tariffs, the new regulatory model will apply a backward-looking structure based on the reported figures, which brings much more predictability to the process.

Massive room to unlock value and outperform the regulatory targets. We believe that the main value drivers of the proposed regulatory model are: i) annual recognition of the regulatory asset base; and ii) new calculation methodology for regulatory opex and efficiency sharing.

- **Annual recognition of regulatory asset base**. During the first two tariff cycles (from the privatization until December 2030 and from January 2031 to December 2035), the regulatory asset base will be recognized annually in the company's tariff adjustments. However, we see significant room for a big increase in the company's asset base remuneration, given the huge capex estimated for the coming years.

- **New methodology for regulatory opex**. One of the main reasons for the company's current underperformance of the regulatory EBITDA is the wide gap in costs, which can be partially attributed to methodology-related issues in the current regulation. The opex calculation is not based on the actual opex reported by the company, with some items not incorporated into the calculation. Based on the public consultation documents, the calculation of the new regulatory opex will use the actual cost reported by the company as a reference, with some adjustments. The positive news is that it will now include some items previously not fully incorporated into the tariffs, such as royalties and profit-sharing expenses.

    - **New efficiency-sharing mechanism incentivizes the company to accelerate the turnaround process.** According to the preliminary documents, the company will be allowed to keep 100% of the gains during the first cycle (from the privatization until December 2030), without being required to share them with consumers.

    - **The application of the technical efficiency factor (TEF) in the first cycle also incentivizes the company to become more efficient.** The TEF will be calculated using the data envelopment analysis (DEA) model, applying a benchmark approach based on a sample of 25 companies and using the period of 2019-22 as a reference to establish the *"efficiency frontier"*.

The percentage of the efficiency gains to be shared from the second cycle onward has yet to be defined. We see this as one of the key points to monitor in this public consultation process, because it will determine the amount of the efficiency gains to be captured in the upcoming cycles and will consequently determine the size of the upside potential in the privatization scenario. One option is to set a lower sharing ratio at the beginning and increase it gradually over time. To determine the efficiency gain in each tariff reset, the regulator will use as a reference the difference between the current regulatory opex and the company's second-lowest unitary opex of the previous cycle. We therefore expect the cost gap to narrow over time.

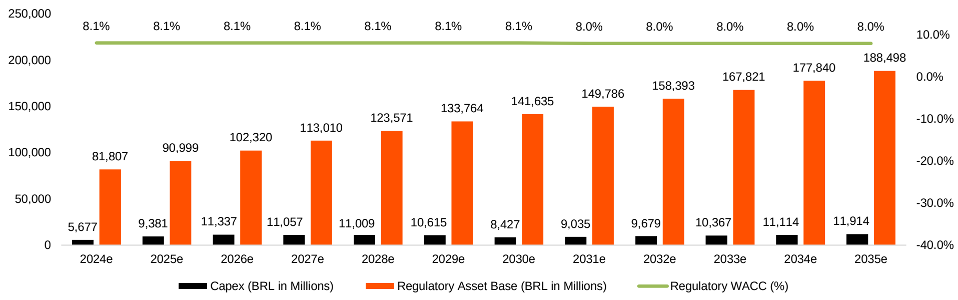
The U-Factor could have a strong impact on tariffs if the company misses its universalization targets. The calculation of the universalization factor will be based on three timeframes, with different rules for each period: i) for the first period, 2024-25, it will analyze the consolidated figure for the URAE; ii) for the second period, 2026-27, it will analyze a group of municipalities; and iii) for the third period, from 2028 onward, it will analyze each municipality individually. The U-Factor will range from 0% to 10%, and the goal will become more challenging over time, because it will have to be met at the municipality level.

SUMMARY OF VALUATION AND MAIN ESTIMATES

Revising our model structure and raising our estimates. In addition to the incorporation of the most recent quarterly results, our new macro assumptions and the fiscal benefit of IoC payments (previously not included in our model), we made several changes to incorporate the main terms proposed in the public consultation for the new regulatory model. Below are the main assumptions, most of which we expect to be defined in the final documents of the public consultation.

- **Capex.** Our base case assumes a capex curve slightly below the government's forecast, especially early in the cycle, given all the challenges involved and the potential savings to be generated by Sabesp when negotiating this capex. On average, we assume that Sabesp will execute roughly 80% of the total projected capex (BRL 52 billion in real terms vs. BRL 66 billion) to achieve earlier universalization between 2023 and 2029.
- **Asset base remuneration.** For the net RAB remuneration, we assume a 1.5-year gap for the incorporation of the capex into the regulatory asset base. In terms of regulatory WACC, the initial proposal indicates the use of a hybrid model (based on parameters for both the Brazilian and U.S. markets), but the final terms are likely subject to change. The current regulatory WACC, established by ARSESP in the company's last tariff reset, stands at 8.1% in real terms, which we believe leaves room for some improvement. An important factor is the cost of debt assumption, which would now be based on the yield of the debentures in the sanitation sector (ARSESP currently considers a nominal cost of debt of 8.2%, which seems low). Notwithstanding, we decided to be conservative and assume the same regulatory WACC of 8.1% for the first cycle and 8.0% for the long term.
- **Opex.** To simplify the modeling, we use the company's reported opex for 2023, after adjustments, as a reference for the calculation of the unitary regulatory cost (we exclude pension fund costs and contingencies, which represent roughly 8.5% of the total opex), divided by the billed volume for the last 12 months.
    - **Cost reduction.** Our base case assumes that the company will gradually reduce its opex until it is 40% below the regulatory level, by the end of 2029, which implies a total cost reduction of ~50% relative to the opex/m^3 reported for 2023. Note that these cost savings have already begun, thanks to some important initiatives undertaken by management, mainly targeting personnel costs (e.g. the voluntary dismissal program). However, the more significant reduction is only expected to be seen after the privatization.
    - **Efficiency sharing.** Our base case assumes a fixed percentage of 50% for efficiency sharing, beginning in the second cycle (2031 onward).
    - **EF Factor (technical efficiency factor).** In the company's last tariff reset, ARSESP ran a DEA model using the period of 2016-19 as a reference but, at the end of the day, it did not apply the EF factor to the regulatory opex. At that time, the "inefficiency ratio" was set at 9%. Under the new regulation, ARSESP will run a new DEA model (using the period of 2019-22 as a reference) to calculate the EF factor, which will be applied to the calculation for the new regulatory opex. We therefore chose to assume the 9% that was previously calculated, given the lack of visibility on this parameter at this time.
- **Delinquency expenses.** Our model assumes that the regulatory target is equal to the ratio adopted by ARSESP in the last tariff reset, which is around 1.4% of the required revenue. The company is currently above its regulatory level, but management has already begun to implement measures to improve this indicator, which has been falling over the last few quarters and is now close to 2.8% of the reported gross revenue (excluding construction). We assume a gradual reduction of delinquency expenses in the coming years, until they reach ~1.2% of gross revenue (excluding construction) in the long run, slightly below the regulatory level.

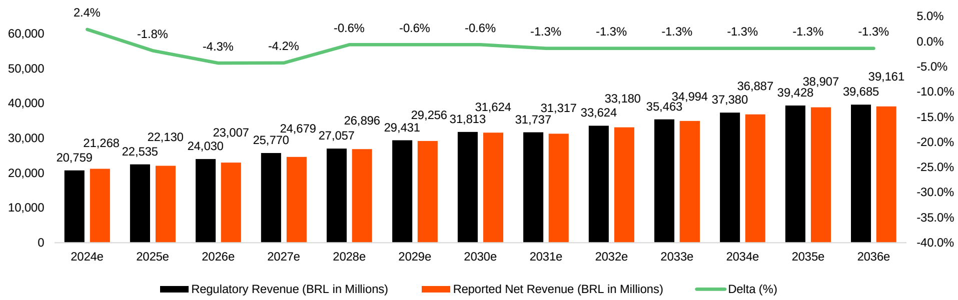
Net RAB, Capex and WACC



Source: Itaú BBA

We assume some haircut in capex vs. the government's projection until 2029, particularly early in the cycle. We estimate a total capex (real terms) of BRL 52 billion, vs. the government's projection of BRL 66 billion.

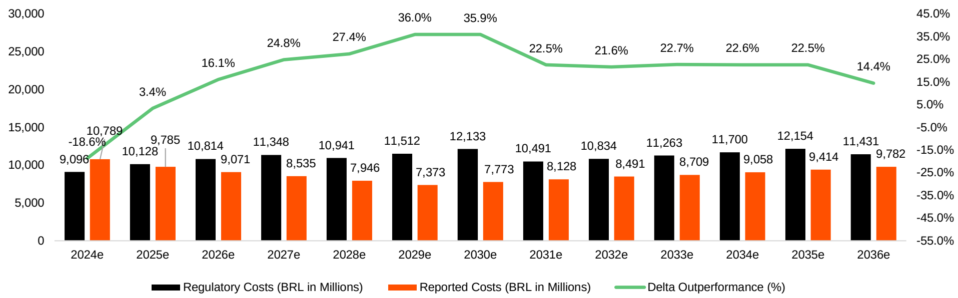
Regulatory vs. Reported Revenue (BRL in Millions)



Source: Itaú BBA

For 2024 and 2025, the regulatory revenue shown in the graph is calculated considering the potential regulatory changes (although the impact will only be seen in 2026). We estimate only a slight difference between the regulatory and effective revenue in the long run.

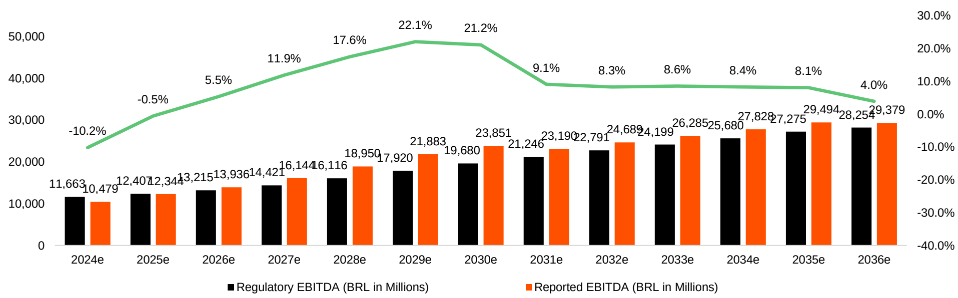
Regulatory vs. Reported Costs (BRL in Millions)



Source: Itaú BBA

As a result of the post-privatization turnaround and cost savings, we see room for significant efficiency gains in the coming years, particularly during the first cycle, with the company keeping 100% of the gains. We estimate that the cost outperformance gap will gradually widen until it reaches ~36% in 2030, and will then begin to gradually narrow in the following cycles due to the efficiency-sharing mechanism.

Regulatory vs. Reported EBITDA (BRL in Millions)



Source: Itaú BBA

We anticipate a gradual increase in the effective outperformance of the company's EBITDA, mainly driven by the expected cost reduction (as shown above), ending the first cycle up by ~22% (the peak of the gap). We expect this gap to gradually narrow throughout the cycles.

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In addition to the changes in the regulatory model, we are also updating our estimates to incorporate our new macro assumptions, the most recent quarterly results and the fiscal benefit from IoC payments (which we was not included in our last model and has an impact on our target price of 16%, or BRL 16/share). We now expect an in-line EBITDA in the short to medium term (2023-25), but are significantly raising our estimates for 2026 onward. As a reminder, the new tariff will only be implemented in January 2026, which means that the current tariff will remain in place until the end of 2025. For the next tariff adjustment, scheduled for May 2024, we assume a real tariff hike of 2%, based on our expectations that some of the company's requests will be accepted, particularly regarding the inclusion of the commercial programs. Compared with Bloomberg consensus estimates, we see room for further upward revisions, given our belief that other analysts have not yet incorporated the proposed regulatory changes, which leaves room for massive upside and much higher results once the new tariff is implemented.

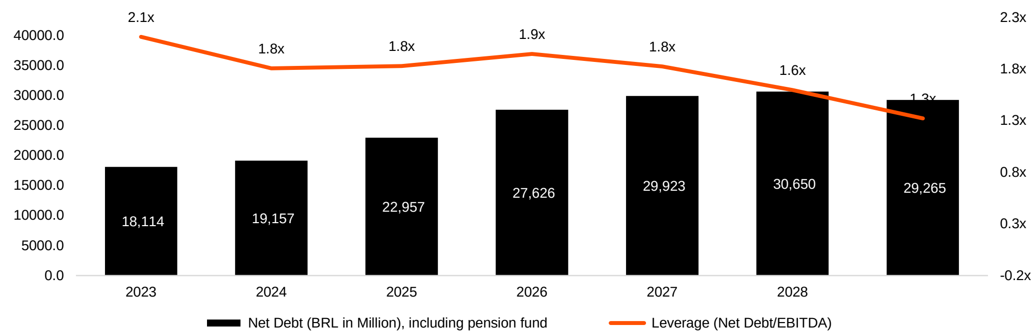
Estimates – New vs. Old and Itaú vs. Consensus

NEW	2023e	2024e	2025e	2026e	2027e
Net Revenues	24,470	26,944	31,511	34,344	35,735
EBITDA	8,997	10,479	12,344	13,936	16,144
Net Income	3,535	4,613	5,832	6,497	7,375
OLD	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**
Net Revenues	24,284	25,804	28,754	30,345	31,674
EBITDA	8,769	10,610	12,547	13,762	14,555
Net Income	3,318	4,348	5,593	6,386	6,957
CHANGES (%)	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**
Net Revenues	1%	4%	10%	13%	13%
EBITDA	3%	-1%	-2%	1%	11%
Net Income	7%	6%	4%	2%	6%

IBBA	2023e	2024e	2025e	2026e
Net Revenues	24,470	26,944	31,511	34,344
EBITDA	8,997	10,479	12,344	13,936
Net Income	3,535	4,613	5,832	6,497
BBG Consensus	**2023e**	**2024e**	**2025e**	**2026e**
Net Revenues	21,924	23,415	25,809	26,179
EBITDA	8,773	10,317	11,342	12,470
Net Income	3,301	4,322	4,567	4,630
CHANGES (%)	**2023e**	**2024e**	**2025e**	**2026e**
Net Revenues	12%	15%	22%	31%
EBITDA	3%	2%	9%	12%
Net Income	7%	7%	28%	40%

Source: Itaú BBA

Leverage Evolution



Source: Itaú BBA

As shown in the graph on the left, despite the much higher capex expected ahead, we estimate a significant increase in EBITDA in the coming years, driven by the real increases in tariffs and the ongoing cost reduction. We therefore expect leverage to remain at a very solid level (below 2.0x) from 2024 onward, with no need for a primary offering.

Summary of Free Cash Flow to Equity

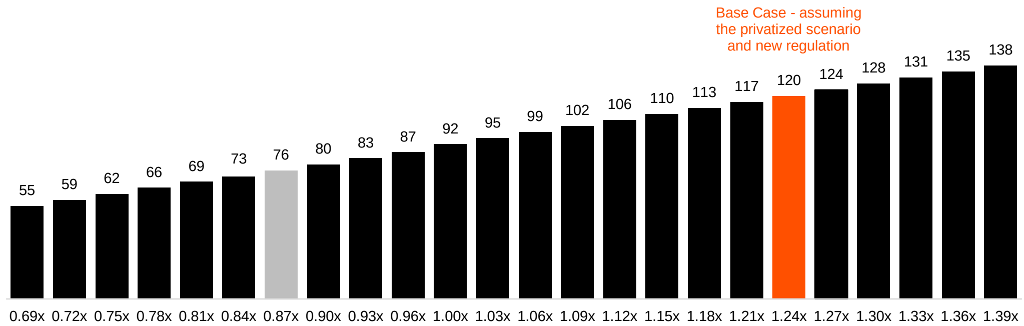
FCFE	4Q23	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031 onward
EBITDA	2,368	10,479	12,344	13,936	16,144	18,950	21,883	23,851	1,299,769
Depreciation	-714	-2,854	-2,854	-3,216	-3,667	-4,077	-4,463	-4,807	-240,619
EBIT	1,655	7,625	9,490	10,720	12,477	14,873	17,419	19,044	1,059,150
Financial Expenses	-514	-1,813	-2,088	-2,585	-3,111	-3,650	-4,191	-4,667	-385,448
Financial Revenues (fixed cash)	87	290	275	268	260	260	260	260	7,808
PPP obligations	-1	-680	-884	-943	0	0	0	0	0
EBT	1,227	5,421	6,793	7,460	9,627	11,483	13,489	14,637	681,510
Taxes	-147	-1,485	-1,856	-2,031	-2,699	-3,204	-3,750	-3,667	-134,195
Depreciation	714	2,854	2,854	3,216	3,667	4,077	4,463	4,807	240,619
WC variation	123	-344	-555	-227	-193	-291	-274	-62	-7,781
PDI cost		-530							
Capex	-1,083	-5,677	-9,381	-11,337	-11,057	-11,009	-10,615	-8,427	-352,465
Debt variation	86	1,187	4,588	5,668	5,429	5,504	5,308	4,213	176,232
Cash Increase									
Net debt in perpetuity									-216,468
RAB remuneration in perpetuity									474,277
FCFE, nominal	919	1,426	2,442	2,750	4,774	6,560	8,621	11,502	861,729
FCFE, real	961	1,426	2,359	2,566	4,305	5,715	7,256	9,355	349,996
NPV (R$m)	**1,048**	**1,426**	**2,164**	**2,160**	**3,324**	**4,049**	**4,716**	**5,578**	**58,928**

Source: Itaú BBA

TARGET PRICE SENSITIVITY ANALYSES

We are setting a new Ye24 target price of BRL 120.3/share, assuming a real cost of equity of 9%. We see the stock currently trading at 0.87x EV/RAB, which is still below the peak historical average. That said, we continue to see massive upside in the privatization scenario (58%), based on our expectation that the stock can now trade at a premium to its regulatory asset base (our valuation implies an EV/RAB multiple of 1.24x). We assume no dilution effect from a potential primary offering given that, according to our estimates, the company will not need to raise capital in the coming years. We ran several sensitivity analyses for the target price, varying the main assumptions in our model.

Sensitivity to 2024 EV/RAB



Source: Itaú BBA

Sensitivity to First-Cycle Regulatory WACC vs. Long-Term Regulatory WACC

Regulatory WACC (Long-Term) - post tax	Regulatory WACC (First Cycle) - post tax								
	6.9%	7.2%	7.5%	7.8%	8.1%	8.4%	8.7%	9.0%	9.3%
7.3%	105.9	107.4	109.0	110.6	112.1	113.7	115.3	116.8	118.4
7.5%	108.6	110.2	111.7	113.3	114.9	116.4	118.0	119.6	121.1
7.8%	111.3	112.9	114.5	116.0	117.6	119.2	120.7	122.3	123.9
8.0%	114.1	115.6	117.2	118.8	120.3	121.9	123.5	125.0	126.6
8.3%	116.8	118.4	119.9	121.5	123.1	124.6	126.2	127.8	129.3
8.5%	119.5	121.1	122.7	124.2	125.8	127.4	128.9	130.5	132.1
8.8%	122.3	123.8	125.4	127.0	128.5	130.1	131.7	133.2	134.8
9.0%	125.0	126.6	128.2	129.7	131.3	132.9	134.4	136.0	137.6

Source: Itaú BBA

Sensitivity to Leverage to Finance Capex (%)

Leverage to finance capex from second cycle onward (%)	Leverage to finance capex in the first cycle (%)								
	30.0%	35.0%	40.0%	45.0%	50.0%	55.0%	60.0%	65.0%	70.0%
30.0%	110.5	111.9	113.2	114.6	116.0	117.3	118.7	120.0	121.4
35.0%	111.6	113.0	114.3	115.7	117.0	118.4	119.8	121.1	122.5
40.0%	112.7	114.1	115.4	116.8	118.1	119.5	120.9	122.2	123.6
45.0%	113.8	115.2	116.5	117.9	119.2	120.6	121.9	123.3	124.7
50.0%	114.9	116.2	117.6	119.0	120.3	121.7	123.0	124.4	125.8
55.0%	116.0	117.3	118.7	120.1	121.4	122.8	124.1	125.5	126.8
60.0%	117.1	118.4	119.8	121.1	122.5	123.9	125.2	126.6	127.9
65.0%	118.2	119.5	120.9	122.2	123.6	125.0	126.3	127.7	129.0

Source: Itaú BBA

Sensitivity to EF Factor vs. Average Opex Outperformance in First Cycle (2026-30)

EF Factor (%)	Avg. Opex Outperfomance vs. Regulatory Level in the First Cycle (%)								
	3.0%	8.0%	13.0%	18.0%	23.0%	28.0%	33.0%	38.0%	43.0%
0.0%	114.6	115.9	117.1	118.3	119.5	120.8	122.0	123.2	124.4
3.0%	114.7	115.9	117.0	118.2	119.4	120.6	121.8	123.0	124.2
6.0%	114.7	115.9	117.0	118.2	119.3	120.5	121.6	122.8	123.9
9.0%	114.8	115.9	117.0	118.1	119.2	120.3	121.4	122.5	123.7
12.0%	114.8	115.9	116.9	118.0	119.1	120.2	121.3	122.3	123.4
15.0%	114.8	115.9	116.9	117.9	119.0	120.0	121.1	122.1	123.2
18.0%	114.9	115.9	116.9	117.9	118.9	119.9	120.9	121.9	122.9

Source: Itaú BBA

Sensitivity to Efficiency-Sharing Ratio and Universalization Factor

		Efficiency Sharing (%) - 2nd cycle onwards						
		20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	80.0%
U-Factor	0.0%	127.1	124.4	122.2	120.3	118.7	117.4	116.2
	2.0%	122.0	119.3	117.2	115.3	113.8	112.5	111.3
	4.0%	116.9	114.3	112.2	110.4	108.9	107.6	106.4
	6.0%	111.8	109.3	107.2	105.4	104.0	102.7	101.6
	8.0%	106.7	104.2	102.2	100.5	99.0	97.8	96.7
	10.0%	101.6	99.2	97.2	95.6	94.1	92.9	91.8

Source: Itaú BBA

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Ratings (1)	Definition (2)	Coverage (3)	Banking Relation (4)
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Companies Mentioned	Ticker	Recent Price	Disclosure Items 1	2	3	4	5	6	7
Cia Saneamento Basico De Sp	SBSP3	76.01	OP	X			X		

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