



On a long enough timeline
the survival rate for
everyone drops to zero.

Cia de Saneamento Basico do Es. (Brazil)

CREDIT SNAPSHOT

11/25/09

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SBSP3 BZ Equity

equity ticker: SBSP3 BZ

bond ticker: SABESP

sector: Utilities

subgroup: Water

company description:

Companhia de Saneamento Basico do Estado de Sao Paulo - SABESP collects, treats, and distributes water. The Company also engineers and constructs water distribution infrastructure and water treatment systems. SABESP operates in the Brazilian State of Sao Paulo.

Cia de Saneamento Basico do Es. has 16,101 employees.

capitalisation (BRL in millions):

stock price	BRL 31.87
shares outstanding (million)	227.84
market capitalisation (BRL mm)	7,261
total debt	6,074
cash + marketable securities	386
other capital	0
enterprise value (excl. cash)	12,949
current EV / TTM EBITDA	5.1x

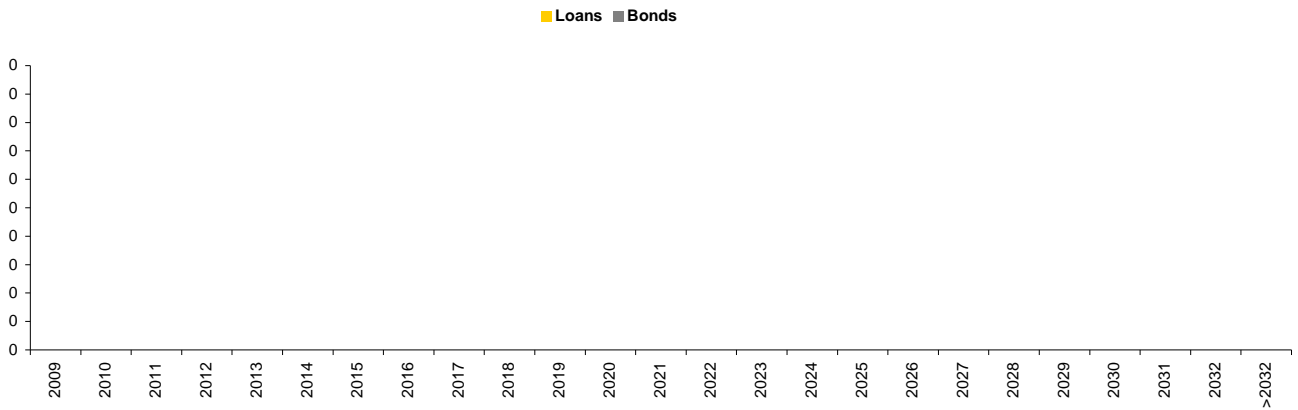
The company's next report is expected for 2/12/2010 (type: Estimated).

www.sabesp.com.br

DEBT DISTRIBUTION

issuer	Rtg	debt type & details	coupon	mat	crncy	amount out (mm)	facility amount (mm)	issue date
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Total amount out of instruments listed above (BRL in MM)	0	Cash (MM)	386
Total debt (MM)	6,074	Total Number of Debt Instruments (for the issuer and its subs)	6



Moody's Ratings	
Outlook	N/A
Issuer	N/A
Senior Secured Debt	N/A
LT Corp Family	N/A
Bank Loan Debt	N/A
Senior Unsecured Debt	N/A
Subordinated Debt	N/A
Short Term	N/A

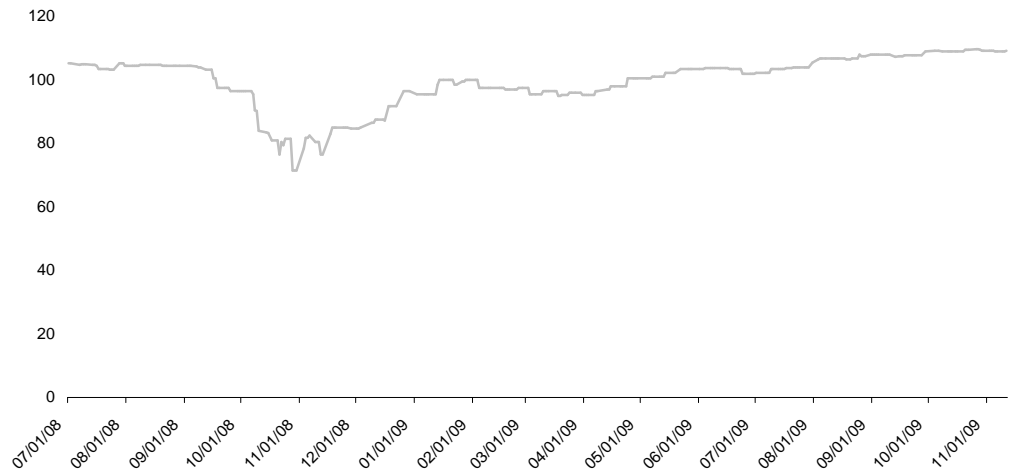
Standard & Poor's Ratings		
Outlook	STABLE	11/19/09
LT Foreign Currency Issuer	BB	11/19/09
LT Local Currency Issuer	BB	11/19/09
ST Foreign Currency Issuer	N/A	
ST Local Currency Issuer	N/A	

id	issuer	coupon	mat	outstanding	S&P	MDY	ask px	yield	spread*	px date	
20441AAG	CIA SANEAMENTO BASICO	7.500	11/03/16	USD	140,000,000	BB-	#N/A N/A	109.25	5.9	275	11/11/09

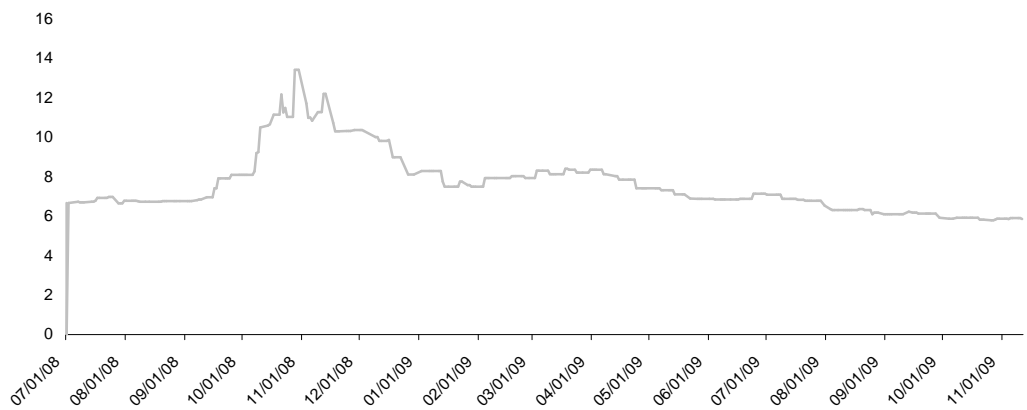
BONDS

Total Debt for the company currently stands at BRL 6,074mm.

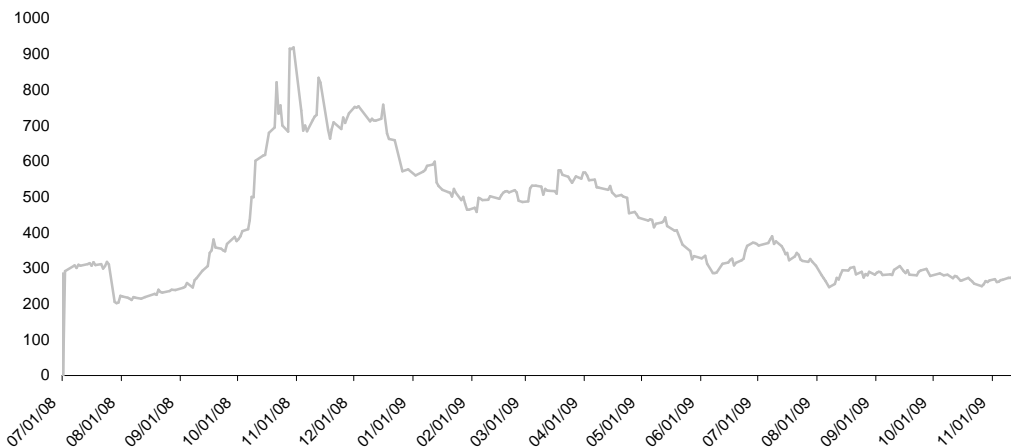
bond price



yield



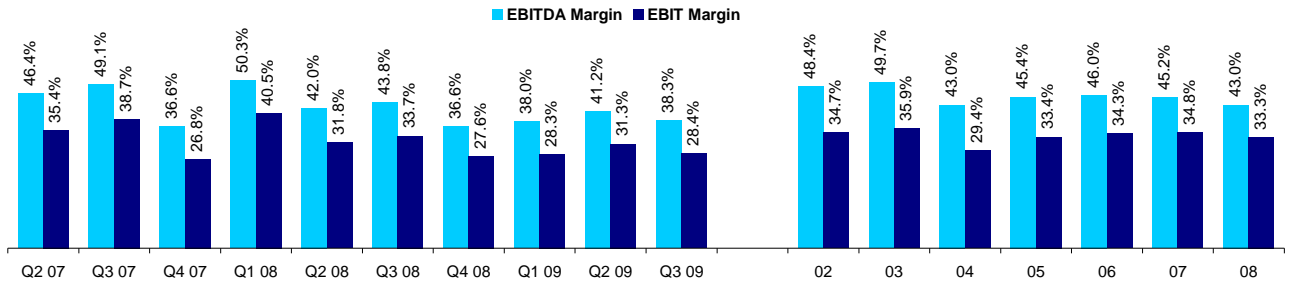
interpolated swap spread



Prices & yields bid side to 28/7/08 and ask side thereafter. Spread is Govt Bid Sprd to 28/7/08 and Interpol. Swap Ask Sprd then.

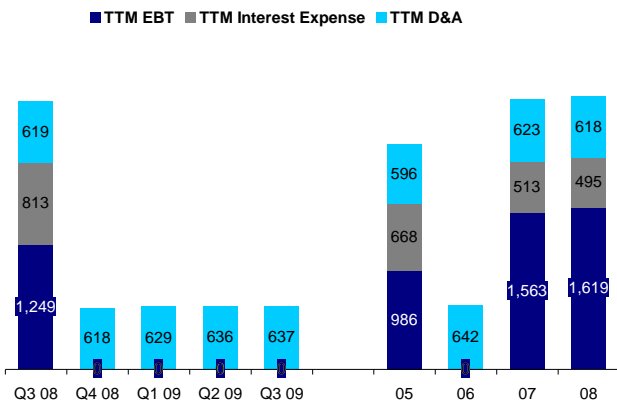
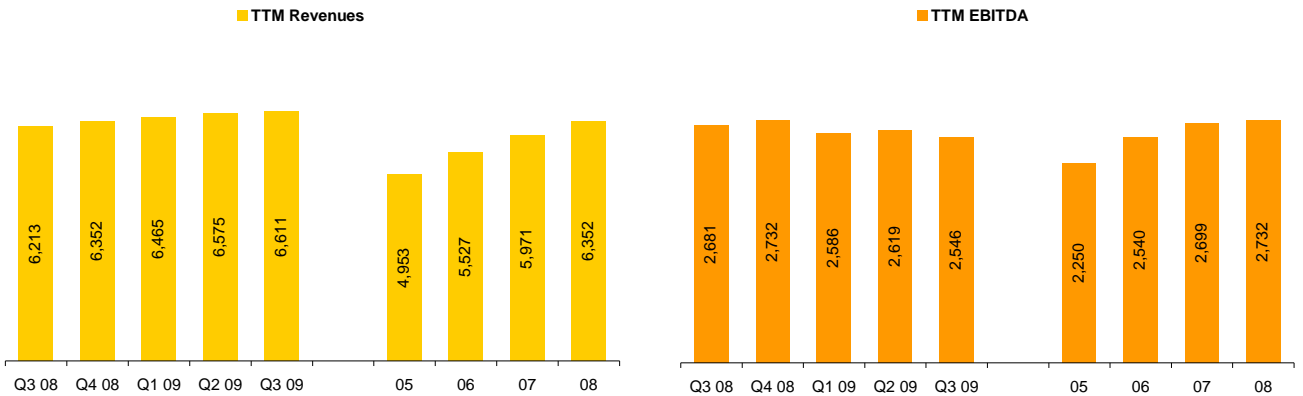
BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Revenues	1,593	1,705	1,653	1,624	1,629	4,953	5,527	5,971	6,352
COGS	708	756	835	830	762	2,390	2,617	2,696	2,832
COGS % of Revenues	44.5%	44.3%	50.5%	51.1%	46.8%	48.3%	47.3%	45.1%	44.6%
SG&A	348	543	358	297	420	908	1,013	1,199	1,471
SG&A % of Revenues	21.8%	31.8%	21.7%	18.3%	25.8%	18.3%	18.3%	20.1%	23.2%
EBITDA	697	624	629	669	624	2,250	2,540	2,699	2,732
Interest Expense	124		122	249		668		513	495
EBT	413		345	259		986		1,563	1,619
Net Income	231	113	256	465	196	866	873	1,049	1,008
EBITDA Margin	43.8%	36.6%	38.0%	41.2%	38.3%	45.4%	46.0%	45.2%	43.0%
EBIT Margin	33.7%	27.6%	28.3%	31.3%	28.4%	33.4%	34.3%	34.8%	33.3%

INCOME STATEMENT

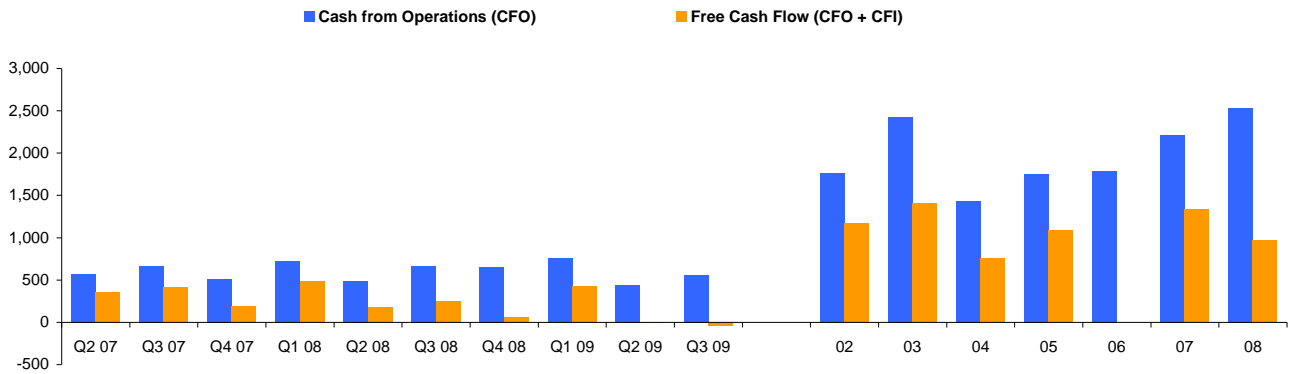


BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
TTM Revenues	6,213	6,352	6,465	6,575	6,611	4,953	5,527	5,971	6,352
TTM EBITDA	2,681	2,732	2,586	2,619	2,546	2,250	2,540	2,699	2,732
TTM D&A	619	618	629	636	637	596	642	623	618
TTM EBIT	2,062	2,114	1,957	1,983	1,909	1,654	1,898	2,076	2,114
TTM Interest Expense	813					668		513	495
TTM EBT	1,249					986		1,563	1,619
TTM Net Income	973	1,008	961	1,065	1,030	866	873	1,049	1,008

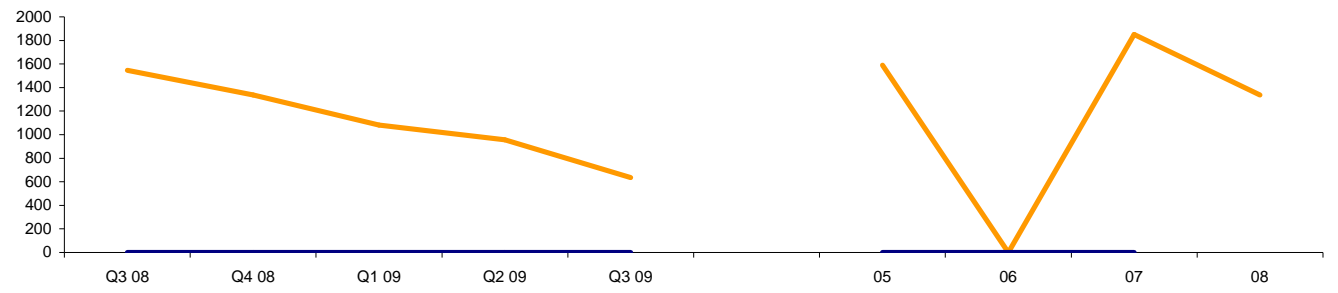
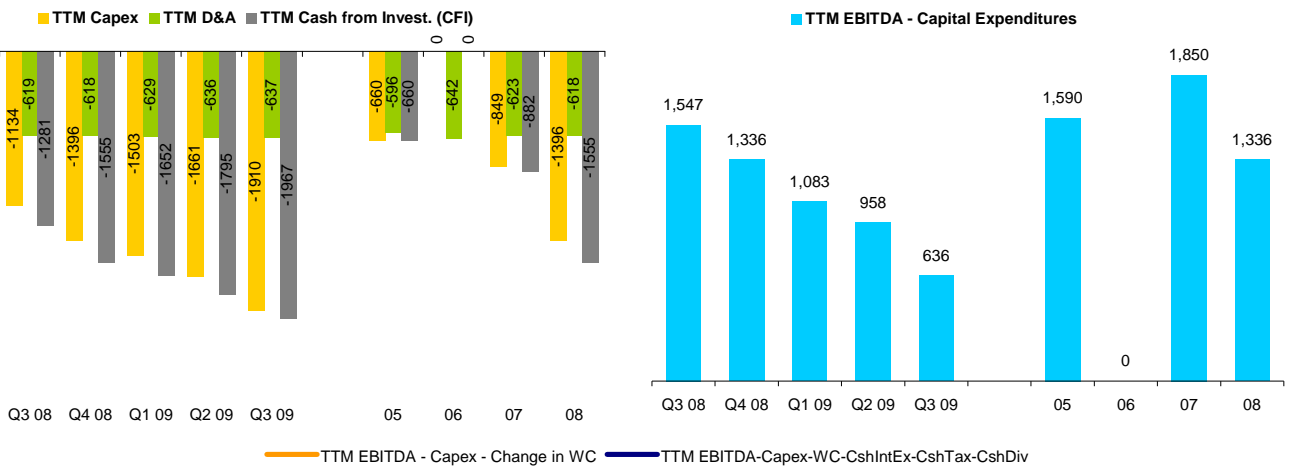
TTM INCOME STATEMENT



BRL in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08	
		09/30/09					12/31/08				
CASH FLOW	Cash from Operations (CFO)	670	655	752	436	556	1,755	1,789	2,216	2,528	
	Cash from Investing (CFI)	-424	-596	-330	-445	-597	-660		-882	-1,555	
	Free Cash Flow (CFO + CFI)	245	59	422	-9	-41	1,094		1,334	973	
	Cash from Financing Activities	-123	92	-246	-104	-261	-920		-1,197	-812	



BRL in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08	
		09/30/09					12/31/08				
TTM CASH FLOW	TTM Cash from Operations (CFO)	2,385	2,528	2,560	2,512	2,398	1,755	1,789	2,216	2,528	
	TTM Cash from Invest. (CFI)	-1,281	-1,555	-1,652	-1,795	-1,967	-660		-882	-1,555	
	TTM Capex	-1,134	-1,396	-1,503	-1,661	-1,910	-660		-849	-1,396	
	TTM D&A	-619	-618	-629	-636	-637	-596		-642	-623	
	TTM Free Cash Flow (CFO + CFI)	1,103	973	908	717	431	1,094		1,334	973	
	TTM Cash from Financing Activities	-1,073	-812	-486	-381	-520	-920		-1,197	-812	
	TTM CFO - Capital Expenditures	1,250	1,132	1,057	851	488	1,094		1,367	1,132	
	TTM EBITDA - Capital Expenditures	1,547	1,336	1,083	958	636	1,590		1,850	1,336	
	TTM EBITDA - Capex - Change in WC	1,547	1,336	1,083	958	635	1,590		1,850	1,336	
	TTM EBITDA-Capex-WC-CshIntEx-CshTax-CshDiv										
	TTM CFO/Total Debt	38.9%	36.8%	38.4%	38.9%	39.5%	26.3%	28.3%	39.0%	36.8%	
TTM FCF/Total Debt	18.0%	14.2%	13.6%	11.1%	7.1%	16.4%		23.5%	14.2%		



BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Cash	475	625	801	689	386	280	328	73	625
Marketable Securities / ST Investments		1	1					392	1
Accounts & Notes Receivable	1,113	1,130	1,127	1,050	1,083	1,195	1,573	1,208	1,130
Inventories & Unbilled Receivables	40	48	42	39	37	36	49	53	48
Net Fixed Assets	14,415	14,927	15,047	15,241	15,404	14,116	13,838	14,060	14,927
75% of Accounts Receivable	835	847	845	787	812	896	1,180	906	847
30% of Inventories & Unbill. Rec.	12	14	13	12	11	11	15	16	14
10% of Net Fixed Assets	1,441	1,493	1,505	1,524	1,540	1,412	1,384	1,406	1,493
Collateral (Liquidation) Asset Value	2,763	2,980	3,164	3,012	2,750	2,599	2,906	2,793	2,980
Working Capital	-823	-779	-703	-1,144	-1,457	33	-89	-230	-779
Cash Conversion Cycle	54.3	51.0	54.6	46.6	42.6	74.2	81.9	71.0	51.0
Total Borrowings (includes ST Borrowings)	6,137	6,865	6,675	6,465	6,074	6,664	6,327	5,685	6,865
Net Debt	5,662	6,239	5,873	5,776	5,688	6,384	5,999	5,220	6,239
Collateral Asset Value / Total Borrowings	45.0%	43.4%	47.4%	46.6%	45.3%	39.0%	45.9%	49.1%	43.4%

BALANCE SHEET

explanations and definitions:

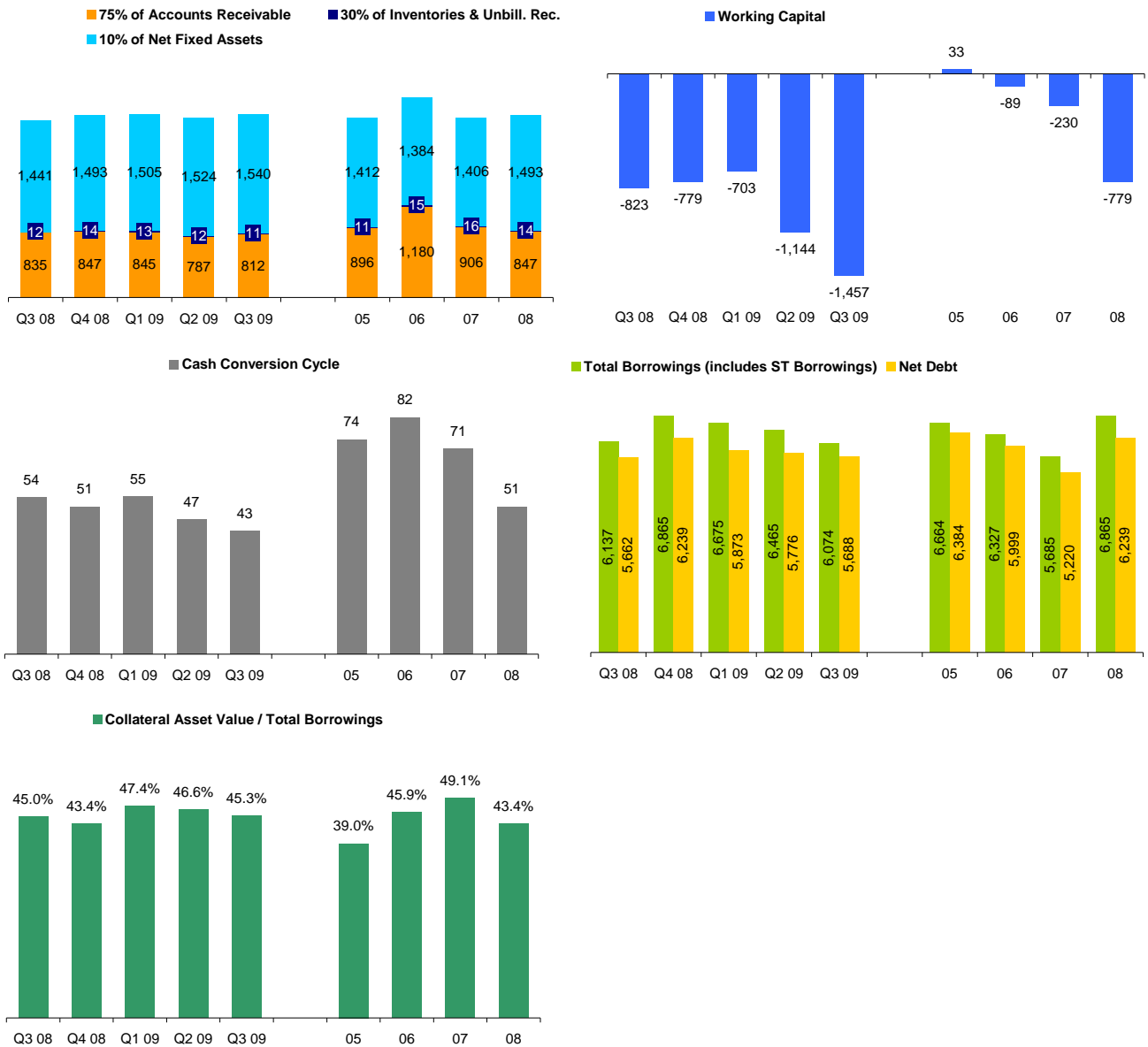
The approximation we use to calculate a company's total **Collateral (Liquidation) Asset Value** (for an asset based liquidation scenario) is calculated as the sum of Cash plus Marketable Securities / Short-Term Investments plus assets with the following valuation rates applied:

75% of stated Accounts Receivable

30% of stated Inventory

10% of stated Net Fixed Assets.

Although we acknowledge that some industries and individual situations demand clearly different assumptions we nevertheless think this is a useful approximation across all industries covered, if only as a starting point for further individual in-depth analysis.

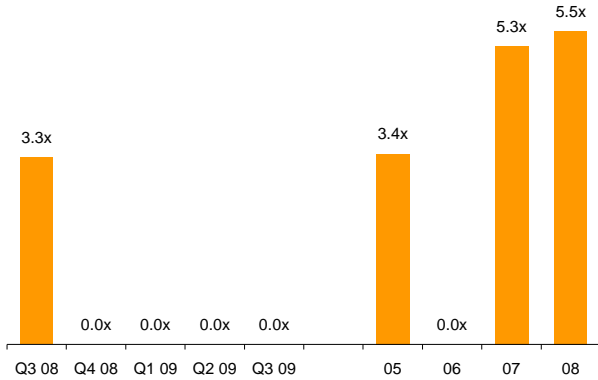


COVERAGE RATIOS	BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
							09/30/09			
	TTM EBITDA / TOTAL INTEREST	3.3x	-	-	-	-	3.4x	-	5.3x	5.5x
	TTM EBITDAR / TOTAL INTEREST+RENT	-	-	-	-	-	-	-	-	-
	TTM EBITDA-CAPEX / TOTAL INTEREST	1.9x	-	-	-	-	2.4x	-	3.6x	2.7x
	TTM EBITDAR-CAPEX / TOTAL INTEREST+RENT	-	-	-	-	-	-	-	-	-

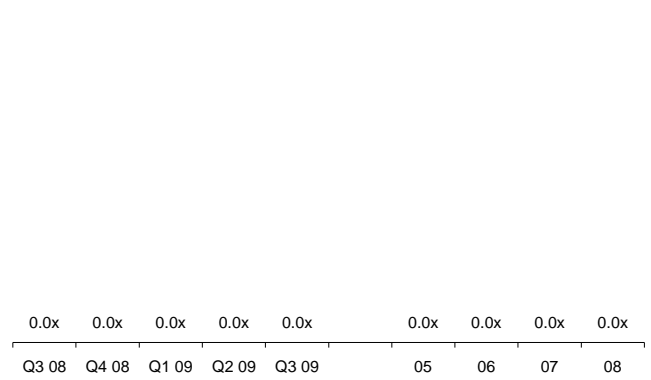
explanations and definitions:

TTM TOTAL INTEREST: For all coverage ratio calculations we use the Total Interest figure which in addition to **Interest Expense** also includes **Capitalized Interest Expenses**. We think this gives a better view of the economic reality than the simple Interest Expense figure.

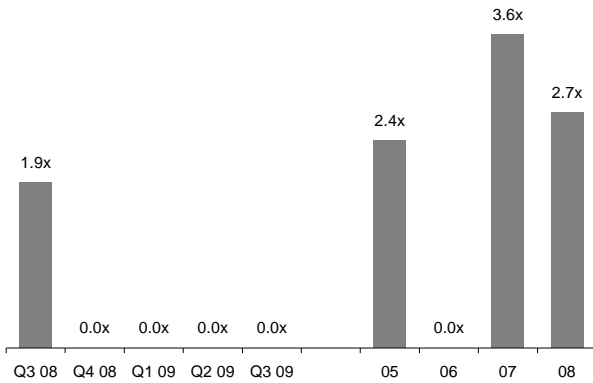
■ TTM EBITDA / TOTAL INTEREST



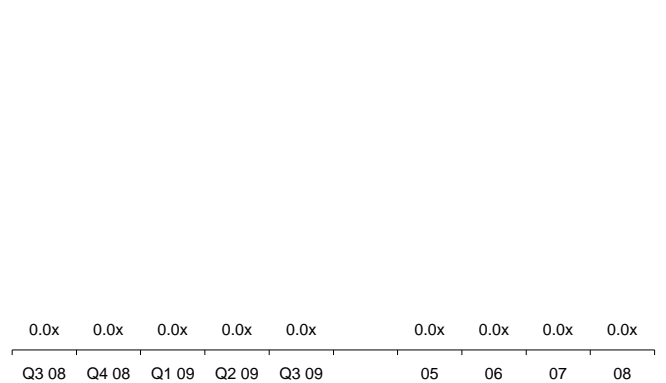
■ TTM EBITDAR / TOTAL INTEREST+RENT



■ TTM EBITDA-CAPEX / TOTAL INTEREST



■ TTM EBITDAR-CAPEX / TOTAL INTEREST+RENT

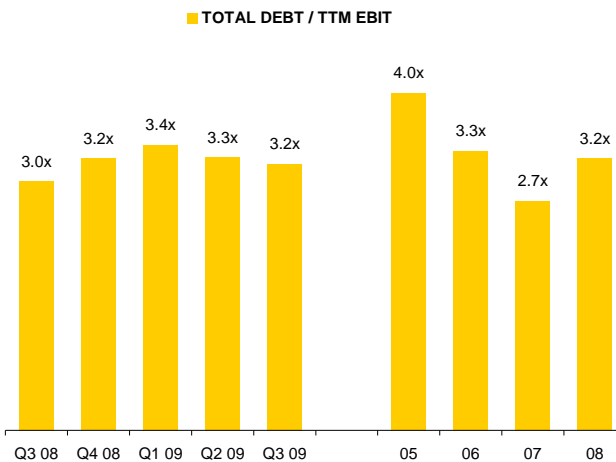
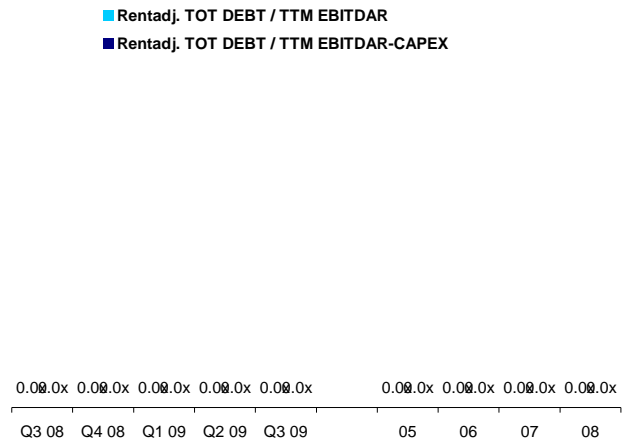
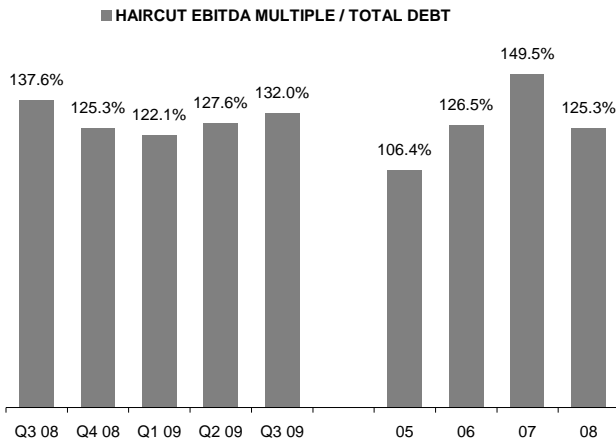
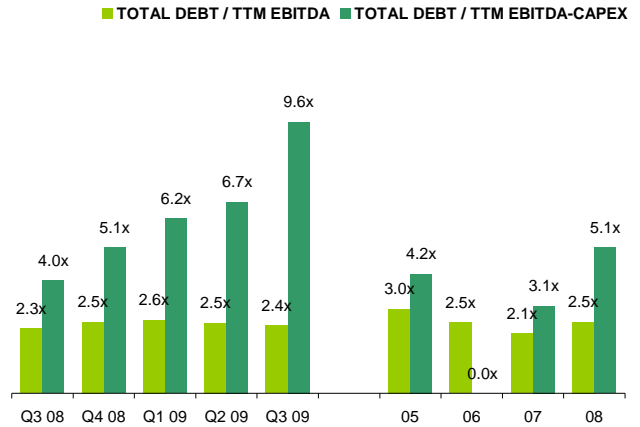
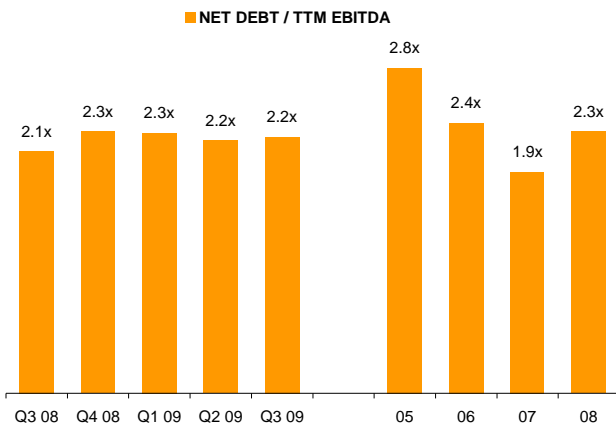


BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
NET DEBT / TTM EBITDA	2.1x	2.3x	2.3x	2.2x	2.2x	2.8x	2.4x	1.9x	2.3x
TOTAL DEBT / TTM EBITDA	2.3x	2.5x	2.6x	2.5x	2.4x	3.0x	2.5x	2.1x	2.5x
TOTAL DEBT / TTM EBITDA-CAPEX	4.0x	5.1x	6.2x	6.7x	9.6x	4.2x		3.1x	5.1x
Rentadj. TOT DEBT / TTM EBITDAR									
Rentadj. TOT DEBT / TTM EBITDAR-CAPEX									
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT	137.6%	125.3%	122.1%	127.6%	132.0%	106.4%	126.5%	149.5%	125.3%
TOTAL DEBT / TTM EBIT	3.0x	3.2x	3.4x	3.3x	3.2x	4.0x	3.3x	2.7x	3.2x

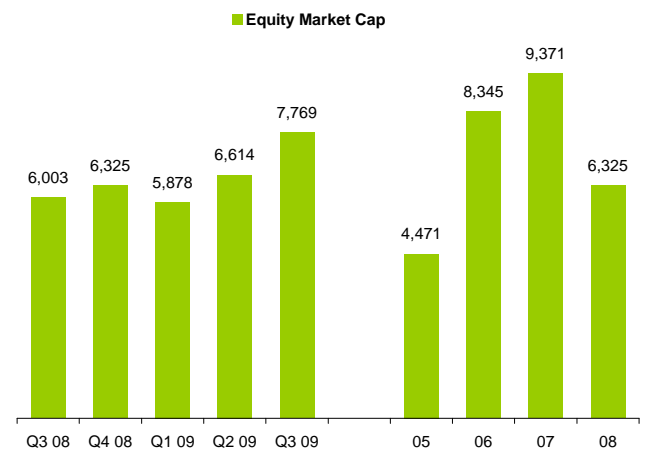
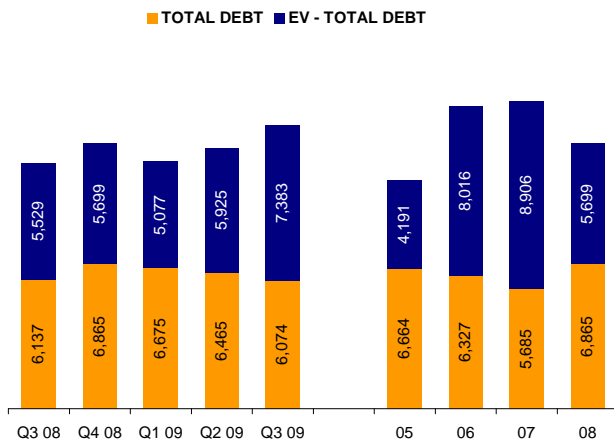
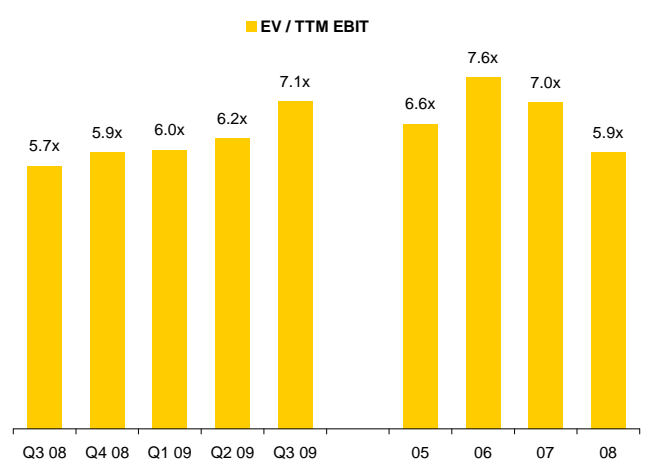
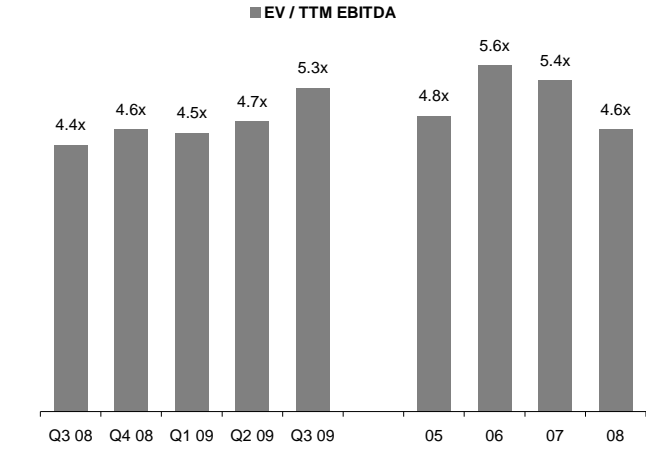
explanations and definitions:

Rent adj. Total Debt/TTM EBITDAR: This ratio is calculated by dividing the Rent Adjusted Total Debt figure (Total Debt plus 8 times TTM Rental Expenses) by EBITDAR (TTM EBITDA plus TTM Rental Expenses).

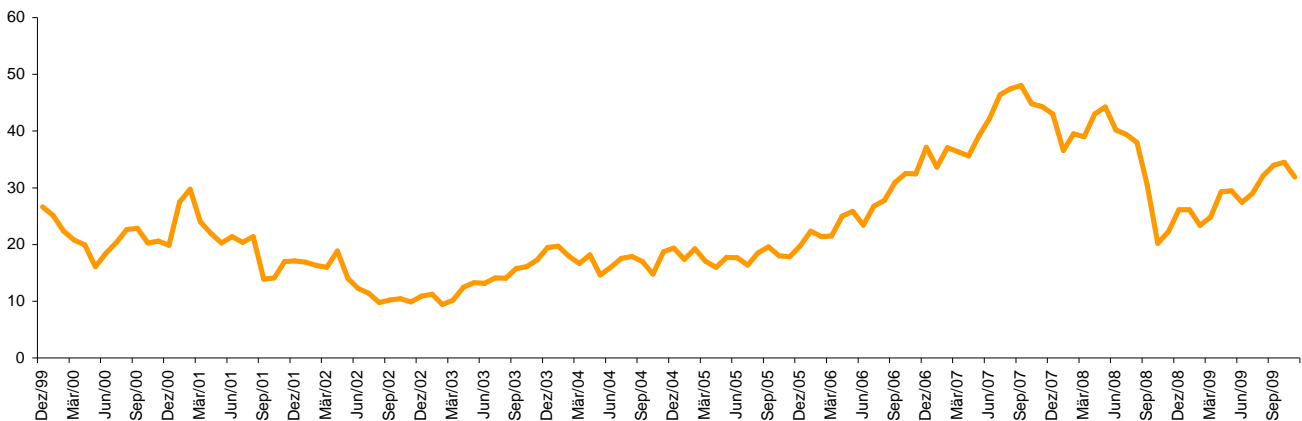
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT: We adjust TTM EBITDA to 70% of its stated value, multiply the result with 4.5 as an assumed exit multiple and relate the resulting figure (the haircut EBITDA multiple) to the TOTAL DEBT number. This ratio should reflect the situation of an issuer's liquidation, whereby the assets can be sold at a reduced EBITDA multiple.



BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
EV / TTM EBITDA	4.4x	4.6x	4.5x	4.7x	5.3x	4.8x	5.6x	5.4x	4.6x
EV / TTM EBIT	5.7x	5.9x	6.0x	6.2x	7.1x	6.6x	7.6x	7.0x	5.9x
Enterprise Value	11,665	12,564	11,751	12,390	13,457	10,855	14,343	14,591	12,564
TOTAL DEBT	6,137	6,865	6,675	6,465	6,074	6,664	6,327	5,685	6,865
Equity Market Cap	6,003	6,325	5,878	6,614	7,769	4,471	8,345	9,371	6,325



SBSP3 BZ stock closing price



BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Adjusted Cap Rate	11.15%	10.62%	0	10.08%	8.92%	9.70%	8.44%	9.09%	10.75%
Tangible Capital	15,526	15,916	15,784	16,009	15,864	14,364	14,616	14,496	15,916
Total Intangibles	614	815	838	841	1,094	503	495	508	815
Pre-tax ROIC	13.3%	13.3%	12.4%	12.4%	12.0%	11.5%	13.0%	14.3%	13.3%
After-tax ROIC (effective tax rate)	8.4%		7.9%	9.0%	7.7%	8.4%	9.1%	10.1%	9.5%
After-tax ROIC (assumed tax rate)	8.6%	8.6%	8.1%	8.1%	7.8%	7.5%	8.4%	9.3%	8.6%
WACD (Pre-tax)	13.3%					10.0%		9.0%	7.2%

explanations and definitions:

Adjusted Cap Rate: This ratio shows EBIT reduced by an assumed tax rate of 35% and adjusted for Net Non-Operating and Extraordinary Losses (Gains) - averaged over the last 5 years - divided by the Enterprise Value.

Tangible Capital: Starting with the Total Book Capital the Tangible Capital figure is calculated by subtracting Intangibles, Cash and Marketable Securities as well as Short Term Investments.

We calculate three different ROIC (Return on Invested Capital) figures:

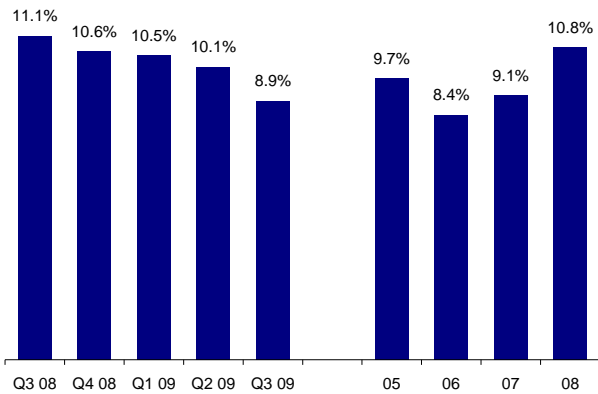
Pre-Tax ROIC: this ratio relates the trailing twelve months (TTM) EBIT to Tangible Capital as defined above.

After-tax ROIC (effective tax rate): here EBIT is corrected by the company's effective tax rate as stated in it's latest financials, giving an after-tax ROIC rate.

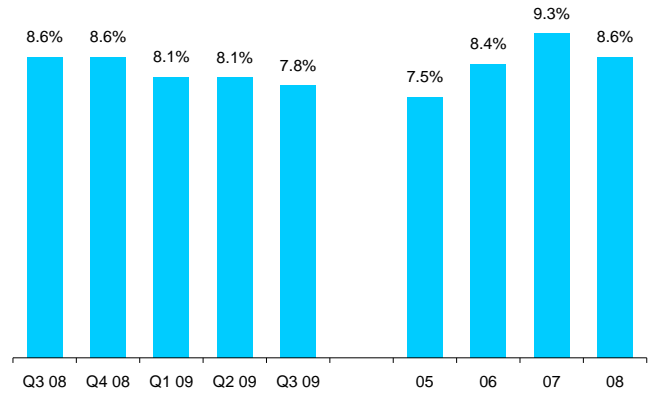
After-tax ROIC (assumed tax rate): here EBIT is corrected by an assumed tax rate of 35%, giving a modified after-tax ROIC rate.

WACD (Pre-Tax): This rate is defined as trailing twelve months (TTM) TOTAL INTEREST EXPENSE divided by Total Borrowings.

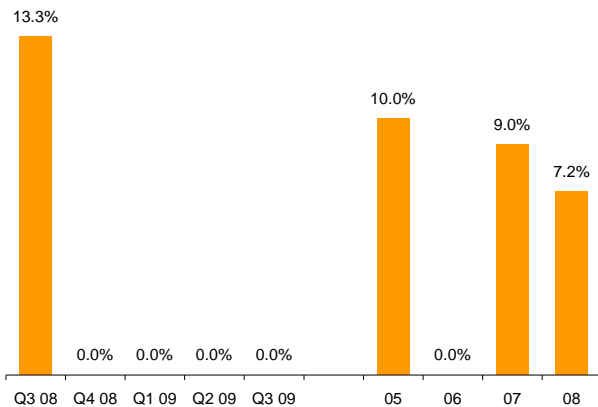
■ Adjusted Cap Rate



■ After-tax ROIC (assumed tax rate)



■ WACD (Pre-tax)



Average Bond Spread (in BPoints (1))	275
Estimated Bond Recovery Rate (2)	100.0%
Resulting Tolerable Default Rate (3)	NM

explanations and definitions:

We calculate estimated default and recovery rates to be used in other credit models (f.i. for the valuation of CDOs or similar structures) as follows:

(1) **Average Bond Spread:** Average Spread of all bonds listed on page 2 of this report.

(2) **Estimated Bond Recovery Rate:** To calculate this rate we first divide the total debt amount into bond debt and loan debt that is senior to bond debt. As an approximation for the total amount of bond debt we use the sum of the amounts outstanding of all bonds listed on page 1 of this report. The total debt figure is reduced by this sum, giving us an approximate figure for debt that is senior to bond debt. We then calculate a collateral asset coverage figure for the bond debt by starting with the Collateral Asset Value (as defined on page 5 of this report) which we reduce by the amount of senior debt ahead of the bonds. The remaining Collateral Asset Value is then divided by the approximate bond debt amount as defined above, giving an estimated recovery value on a collateral asset basis. We apply the same logic to an EBITDA multiple ratio (as on page 7 of this report) and get a second recovery estimate based on the EBITDA multiple. The higher of the 2 estimates is used as the "Estimated Bond Recovery Rate".

(3) **Resulting Tolerable Default Rate:** The implied default rate calculated using the Market Spread (1) and the Estimated Recovery Rate (2). With the given Market Spread and Estimated Recovery Rate it defines the maximum tolerable default probability for the risk premium paid in the form of Spread. Please note: This rate will only be displayed when it is greater than 0% and lower than 30% as we believe it is not meaningful ('NM') out of this range.

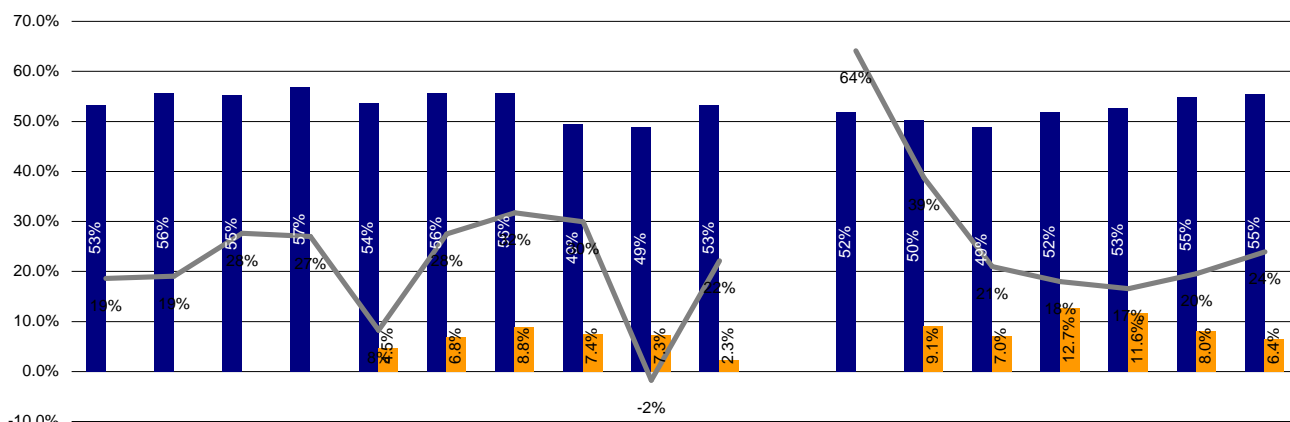
Although we acknowledge that the calculated results are by no means exact, we think they make for a good estimate in the valuation of credit structures when individual default and recovery rates for single issuers are to be used.

BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Total Assets	19,538	20,523	20,762	20,827	21,040	17,435	18,094	18,663	20,523
Total Liabilities	9,059	10,031	10,013	9,753	9,770	8,953	8,981	8,879	10,031
Total Intangibles	614	815	838	841	1,094	503	495	508	815
Tangible Net Worth	9,865	9,677	9,911	10,233	10,177	7,980	8,617	9,276	9,677
Rent Debt (8x Annual Rental Expense)									
Underfunded Pension & Post Ret. Liab.									
Discount on Hard Assets	13,279	13,750	13,854	14,007	14,161	13,029	12,881	12,993	13,750
Adjusted Tangible Net Worth	-3,415	-4,073	-3,943	-3,774	-3,984	-5,049	-4,264	-3,717	-4,073

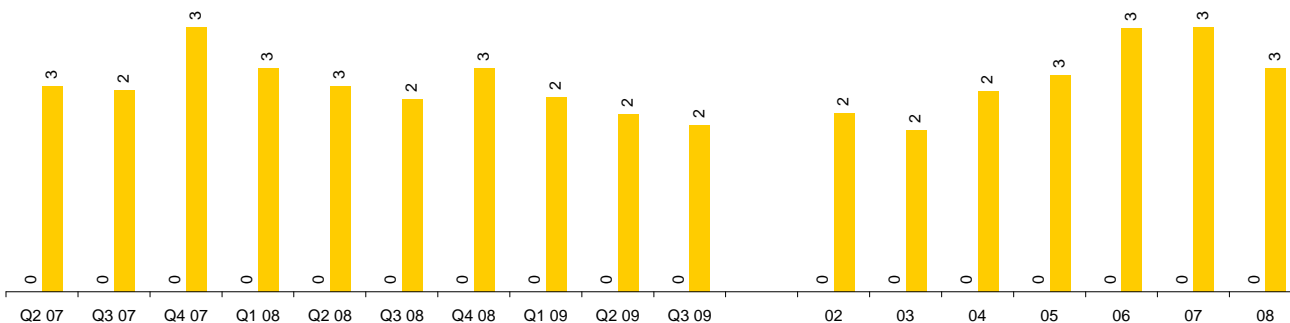
BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
(CFO-Net Income)/Revenues	27.5%	31.8%	30.0%	-1.8%	22.1%	18.0%	16.6%	19.5%	23.9%
yoy Revenue Growth	6.8%	8.8%	7.4%	7.3%	2.3%	12.7%	11.6%	8.0%	6.4%
Gross Margin	55.5%	55.7%	49.5%	48.9%	53.2%	51.7%	52.7%	54.9%	55.4%
Days Sales Outstanding	65	65	64	58	60	88	104	74	65
Days Sales of Inventory	2	3	2	2	2	3	3	3	3
Soft Assets	992	1,686	1,200	1,704	1,670	1,362	568	1,010	1,686
Unbilled Receivables	-	-	-	-	-	-	-	-	-
Deferred / Unearned Revenue	1.3	-	0.0	0.0	0.0	20.5	10.0	3.5	0.0
Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	-
TTM Dividends Paid	-	-	-	-	-	82	-	-	-
TTM Preferred Dividends	-	-	-	0	0	-	-	-	0
Net Change in Capital Stock	0	0	0	0	0	0	0	0	0
Non-Capex CFI (CFI less Capex)	-82	-36	-4	-12	-5	0	-	-33	-160

ACCOUNTING RED FLAGS

Gross Margin yoy Revenue Growth (CFO-Net Income)/Revenues



Days Sales Outstanding Days Sales of Inventory



Auditor Information:	
Current auditor	PRICEWATERHOUSE COOPERS AUDIT (as of 26.3.2009)
Auditor's opinion	Unqualified
Auditor's opinion - Definitions	
Not Audited / Unaudited	No tests were performed to verify amounts in financial statements. Typically applied to interim statement.
Partially audited	Not all statements were audited. Auditor may specifically give opinion on one or two statements.
Unqualified	Auditor declares, without reservation, that the financial statements fairly represent the company's financial position at a point in time and that the statements conform in all material respects to GAAP.
Qualified: Limited Scope	An aspect of the company's financial statements could not be verified, such as a portion of inventory not counted.
Qualified: Inconsistent Standards	Accounting standards were not applied consistently between periods.
Qualified: not GAAP	Standard accounting principles for the country were not followed. Typically related to a unique line item and uses the phrase 'except for.'
Qualified: uncertainty	Doubt exists related to a material balance sheet item, such as value of investment or collectability of major receivable; or auditor doubts going concern ability of company. This opinion usually employs the phrase 'subject to.'
Disclaimer	Auditor refuses to state opinion on financial statements, typically due to lack of sufficient documentation provided by company and/or subsidiaries.

LATEST SEC FILINGS

Quarterly Report (Form Type 10-Q)

end of period

Annual Report (Form Type 10-K)

end of period

Special Events & Material News (Form Type 8-K)

filing date

Prospectus (Form Type 42..)

filing date



On a long enough timeline
the survival rate for
everyone drops to zero.

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