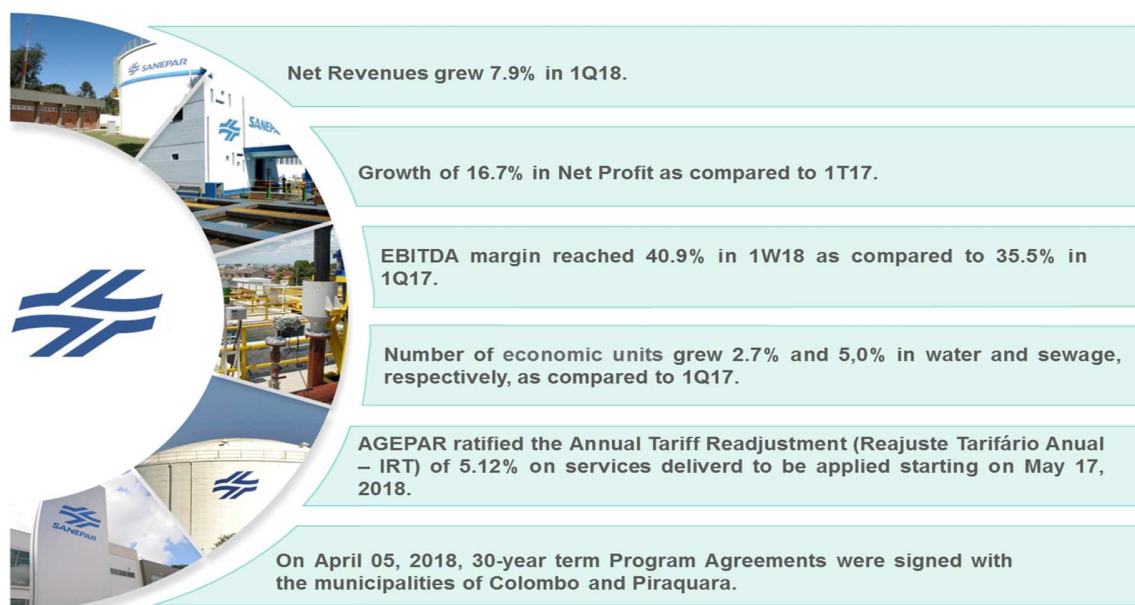


Curitiba, May 08, 2018.

Companhia de Saneamento do Paraná – SANEPAR (SAPR3 – ON, SAPR4 – PN, SAPR11 – UNITS) hereby presents the results achieved in the 1st quarter 2018 (1Q18). The financial and economic data are shown in BRL (million) and were prepared in compliance with the current accounting practices in force in Brazil and regulated by the Federal Accounting Council (Conselho Federal de Contabilidade – CFC) and the National Securities Commission (Comissão de Valores Mobiliários – CVM), in convergence with the international accounting standards issued by the Accounting Rules Committee (Comitê de Pronunciamentos Contábeis – CPC).

## Highlights



	1Q18 (1)	1Q17 (2)	Var. % (1/2)	1Q16 (3)	Var. % (2/3)
Net Revenue	999.4	926.4	7.9	806.6	14.9
Operating Result	343.4	270.8	26.8	245.3	10.4
EBITDA	409.2	329.2	24.3	297.3	10.7
Net Profit	186.9	160.1	16.7	144.3	10.9
ROE (Annualized)	13.6	13.2	3.0	11.7	12.8
ROIC (Annualized)	12.0	11.3	6.2	9.6	17.7
Net Debt	2.165.4	1.975.0	9.6	2.172.1	(9.1)
Gross Margin	57.3	56.7	1.1	51.8	9.5
Operating Margin	26.7	23.8	12.2	25.0	(4.8)
Net Margin	18.7	17.3	8.1	17.9	(3.4)
EBITDA Margin	40.9	35.5	15.2	36.9	(3.8)
Total Current Indebtedness	48.4	48.8	(0.8)	48.7	0.2
Net Debt/EBITDA	1.5	1.6	(6.3)	2.2	(27.3)

### Market Value – 31/Mar/2018

BRL 6.4 billion  
SAPR3: 16.20  
SAPR4: 10.83  
SAPR11: 60.00

### TELECONFERÊNCIA

09/May/2018 - 10h00  
Brazil: (11) 3137-8038  
Others: (+1) 786 837 9597 (United States)  
(+44) 20 3318 3776 (UK)  
<https://webcast.conferenciacorp.com.br/view/1278>  
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## 1. OPERATING DATA

### 1.1 MARKET

The 10 largest contracts (in percentage) in the Company's Total Revenues are shown in the table below:

10 Largest Contracts (% of Total Revenue)					Coverage Rate		Total Active Units serviced (in millions)	
Municipality	% Total Revenue	Remaining term of concession	Type of Concession	Type of Contract	Water	Sewage Collection	Water	Sewage Collection
Curitiba	23.7%	13.8 years	Water and Sewage	Concessio	100%	94.5%	808.6	765.2
Londrina	7.1%	28.3 years	Water and Sewage	Program	100%	90.9%	239.1	220.9
Maringá	5.1%	22.4 years	Water and Sewage	Concessio	100%	100.0%	160.9	164.7
Ponta Grossa	3.6%	8.0 years	Water and Sewage	Concessio	100%	90.2%	137.5	123.1
Foz do Iguaçu	3.5%	25.9 years	Water and Sewage	Program	100%	97.7%	121.2	120.8
Cascavel	3.3%	6.7 years	Water and Sewage	Concessio	100%	76.9%	106.9	83.4
São José dos Pinhais	2.8%	25.8 years	Water and Sewage	Program	100%	68.6%	108.3	75.2
Colombo	1.8%	Vencido	Water and Sewage	Concessio	100%	60.7%	83.1	51.3
Guarapuava	1.6%	24.6 years	Water and Sewage	Program	100%	77.8%	62.4	49.3
Araucária	1.4%	14.5 years	Water and Sewage	Concessio	100%	65.8%	49.9	32.9
					<b>100%</b>	<b>70,9%</b>	<b>3.868,5</b>	<b>2.789,9</b>

On April 5, 2018, the Company signed a Program Contract with the municipality of Colombo and is currently in the process of signing a Program Contract with the municipality of Curitiba, both with 30 year terms.

The treated water coverage rate is 100% and the sewage collection rate is of 70.9% for the urban population in the concession area, with a treatment rate of 100%, according to the Company Information System.

Revenues stem mainly from water connections of the residential type, which represent 90.9% of the total existing water connections on March 31, 2018.

The number of existing water connections (3,101,653) in March 2018 is 1.8% higher than the number of connections (3,047,486) existing in March 2017, representing an increase of 54,167 water connections, as shown below:

Number of Water Connections*	MAR/18 (1)	%	MAR/17 (2)	%	Var. % (1/2)
Residential	2,818,783	90.9	2,781,393	91.3	1.3
Commercial	220,820	7.1	205,348	6.7	7.5
Industrial	12,722	0.4	12,338	0.4	3.1
Public Utility	23,348	0.8	22,521	0.7	3.7
Public Administration	25,980	0.8	25,886	0.9	0.4
<b>Total</b>	<b>3,101,653</b>	<b>100.0</b>	<b>3,047,486</b>	<b>100.0</b>	<b>1.8</b>

\*Information not reviewed by independent auditors.

The number of existing sewage connections in March 2018 (2,061,330) is 4.3% higher than the number of connections (1,976,253) existing in March 2017, representing a growth of 85,077 new sewage connections, as shown below:

Number of Sewage Connections*	MAR/18 (1)	%	MAR/17 (2)	%	Var. % (1/2)
Residential	1.859.423	90,2	1.789.786	90,6	3.9
Commercial	169.078	8,2	155.104	7,8	9.0
Industrial	5.054	0,2	4.867	0,2	3.8
Public Utility	14.302	0,7	13.462	0,7	6.2
Public Administration	13.473	0,7	13.034	0,7	3.4
<b>Total</b>	<b>2.061.330</b>	<b>100,0</b>	<b>1.976.253</b>	<b>100,0</b>	<b>4.3</b>

\* Information not reviewed by independent auditors.

## 1.2 PRODUCTIVITY

Up to March 2018, the volume measured of treated water was of 124.3 million m<sup>3</sup> as compared to 130.1 million m<sup>3</sup> in March 2017, representing a reduction of 4.5%, resulting, in particular, from climate factors, increase in volume of rains and drop in temperature), as shown below:

Volume of Water Measured – million m <sup>3</sup> *	1Q18 (1)	1Q17 (2)	Var. % (1/2)
Residential	106.0	111.1	(4.6)
Commercial	10.0	10.2	(2.0)
Industrial	2.6	2.9	(10.3)
Public Utility	1.3	1.4	(7.1)
Public Administration	4.4	4.5	(2.2)
<b>Total Measured</b>	<b>124.3</b>	<b>130.1</b>	<b>(4.5)</b>

\* Information not reviewed by independent auditors.

In the first quarter of 2018, of the volume of treated water invoice was of 129.1 million m<sup>3</sup>, as compared to 153.6 million m<sup>3</sup> for the same period in 2017, representing a reduction of 16.0%, a direct reflex of the change in the Company tariff structure, with modification in consumer bands and in particular through the change in minimum tariff, going from 10 m<sup>3</sup> to 5 m<sup>3</sup> as shown below:

Volume of Water Invoiced – million m <sup>3</sup> *	1Q18 (1)	1Q17 (2)	Var. % (1/2)
Residential	110.1	132.2	(16.7)
Commercial	10.8	12.4	(12.9)
Industrial	2.6	3.0	(13.3)
Public Utility	1.1	1.3	(15.4)
Public Administration	4.5	4.7	(4.3)
<b>Total Invoiced</b>	<b>129.1</b>	<b>153.6</b>	<b>(16.0)</b>

\* Information not reviewed by independent auditors.

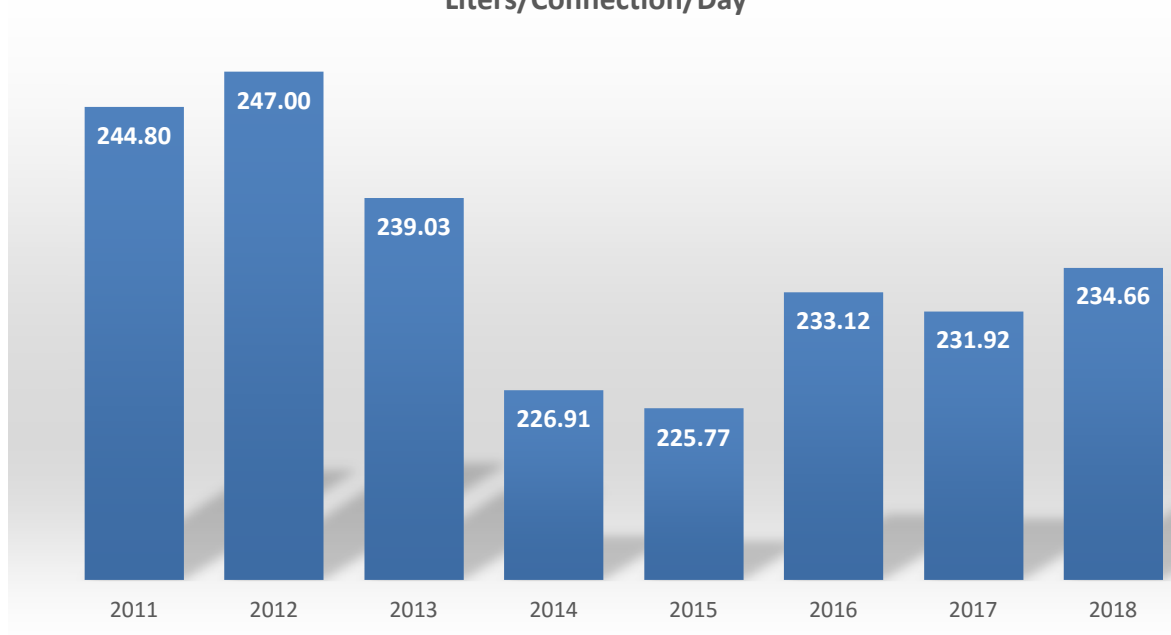
The volume of sewage invoiced for the first quarter 2018 showed a reduction of 13.4% as compared to the same period of the previous year, again a reflex of the change in the Company tariff structure, as shown below:

Volume of Sewage Invoiced – million m <sup>3</sup> *	1Q18 (1)	1Q17 (2)	Var. % (1/2)
Residential	79.1	92.3	(14.3)
Commercial	9.7	10.7	(9.3)
Industrial	0.7	0.8	(12.5)
Public Utility	0.9	1.0	(10.0)
Public Administration	3.3	3.4	(2.9)
<b>Total Invoiced</b>	<b>93.7</b>	<b>108.2</b>	<b>(13.4)</b>

\* Information not reviewed by independent auditors.

### DEMONSTRATION OF LOSSES RATE PER CONNECTION\*

Liters/Connection/Day



\* Information not reviewed by independent auditors.

(1) Cumulative values for January to March 2018.

**1.3 OPERATIONAL INDICATORS**

Water	1Q18 (1)	1Q17 (2)	Var. % (1/2)	1T16 (3)	Var. % (2/3)
Economic units serviced through the distribution mains	3,868,479	3,767,639	2.7	3,682,486	2.3
Number of treatment stations	166	164	1.2	170	(3.5)
Number of wells	1,070	1,044	2.5	1,033	1.1
Number of surface capture	229	228	0.4	228	-
Kilometers of mains in place	53,119	51,865	2.4	50,303	3.1
Volume produced	189,701,655	192,398,811	(1.4)	186,379,440	3.2
Loss rates:					
In the distribution system - %	34.49	32.39	6.5	33.15	(2.3)
In invoicing - %	31.99	20.15	58.8	20.13	0.1
Revenue evasion - %	1.94	2.88	(32.6)	3.74	(23.0)

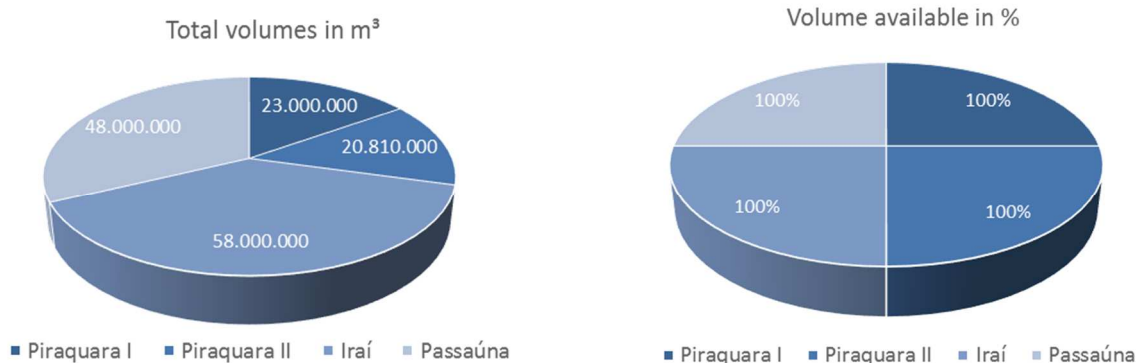
Sewage	1Q18 (1)	1Q17 (2)	Var. % (1/2)	1T16 (3)	Var. % (2/3)
Economic units serviced through the collection mains	2,789,849	2,656,202	5.0	2,516,709	5.5
Number of treatment stations	245	239	2.5	237	0.8
Kilometers of mains in place	35,407	33,342	6.2	31,314	6.5
Volume collected in m <sup>3</sup>	89,782,691	91,403,691	(1.8)	85,140,735	7.4

**Water Volumes**

The average volume of water available to the Integrated Supply System of Curitiba (Sistema de Abastecimento Integrado de Curitiba - SAIC) is comprised by the reservoir dams of Piraquara I, Piraquara II, Iraí and Passaúna.

In the Municipality of Foz do Iguaçu, Sanepar uses water from the Lake of Itaipu formed by the reservoir of Itaipu Binational Hydropower Plant on the Paraná River.

Our reservoirs are considered to be of medium scale for the volume stored, but large scale for their height/depth being in excess of 15 meters. At the end of the quarter, the dams returned to their maximum levels, achieving 100% reserves.



## 2. FINANCIAL DATA

### 2.1 ECONOMIC PERFORMANCE

Operating Revenue	1Q18 (1)	1Q17 (2)	Var. % (1/2)
Revenue from Water	658.9	615.0	7.1
Revenue from Sewage	376.6	342.6	9.9
Revenue from Services	30.7	32.1	(4.4)
Revenue from Solid Waste	2.3	2.1	9.5
Services Provided to City Halls	4.0	2.9	37.9
Customer Donations	3.0	3.1	(3.2)
Other Revenues	1.3	1.0	30.0
<b>Total Operating Revenues</b>	<b>1,076.8</b>	<b>998.8</b>	<b>7.8</b>

Gross operating revenue grew 7.8% going from BRL 998.8 million in the first quarter of 2017 to BRL 1,076.8 million for the same period in 2018. This growth stems from the 8.53% tariff readjustment rate applied in 2017, and the increase in delivery of water and sewage services, as well as the growth and number of connections.

Operating Costs and Expenses	1Q18 (1)	1Q17 (2)	Var. % (1/2)
Personnel	239.1	244.5	(2.2)
Materials	36.9	37.9	(2.6)
Electric Energy	93.1	87.2	6.8
Third-party services	140.5	128.9	9.0
Depreciation and Amortization	65.8	58.4	12.7
Losses in realizing credits	(3.5)	5.6	(162.5)
Municipal Sanitation and Environmental Management Fund	7.1	6.6	7.6
Regulation Fee	5.2	-	-
Sanepar Rural Program	0.4	5.8	(93.1)
Other Costs and Expenses	21.0	14.9	40.9
Capitalized expenses	(18.5)	(18.7)	(1.1)
<b>Total Operating Costs and Expenses</b>	<b>587.1</b>	<b>572.8</b>	<b>2.5</b>

Cumulative operating costs and expenses for the first quarter of 2018 had an increase of 2.5% as compared to the same period in 2017.

The main variations occurred as a function of:

- Reduction of 2.2% in personnel expenses, in particular, through the lower provision for expenses with labor indemnitees in connection with the Encouraged Retirement Program (Program de Aposentadoria Incentivada – PAI) and the Volunteer Redundancy Program with Transmission of Knowledge (Program de Demissão Voluntária com Transmissão de Conhecimento – PDVTC), generating a reduction in the actual headcount. 50 employees joined the programs (49 joining PAI and 1 joining PDVTC), representing a reduction of 0.9% in total payroll – with a payback for the programs estimated at eight months;

- Growth of 9.0% in expenses with third-party services, in particular, in operational services for maintenance, surveillance, electric energy expenses and mains maintenance services;
- Reduction of 162.5% in realizing credits stemming from installment plans agreed with the municipalities of Astorga and Campo Mourão;
- Increase of 26.5% with other operating expenses, in particular with indemnitees for damages to third parties and cost with social, environmental, education and research programs and/or covenants.

<b>Financial Results</b>	<b>1Q18 (1)</b>	<b>1Q17 (2)</b>	<b>Var. % (1/2)</b>
<b>Financial Revenues</b>			
Investments	9.3	21.9	(57.5)
Active Monetary Variations	2.3	2.2	4.5
Other Financial Revenues	2.1	3.4	(38.2)
<b>Total Financial Revenues</b>	<b>13.7</b>	<b>27.5</b>	<b>(50.2)</b>
<b>Financial Expenses</b>			
Financing and Debenture Interest and Rates	(45.1)	(50.8)	(11.2)
Liability Monetary Variations	(22.4)	(8.8)	154.5
Other Financial Expenses	(2.0)	(0.9)	122.2
<b>Total Financial Expenses</b>	<b>(69.5)</b>	<b>(60.5)</b>	<b>14.9</b>
<b>Financial Results</b>	<b>(55.8)</b>	<b>(33.0)</b>	<b>69.1</b>

Financial results showed a negative variation of 69.1% going from BRL 33.0 million to BRL 55.8 in the first quarter of 2017 and 2018, respectively, stemming mainly from the reduction in financial revenues (drop in the profitability rates and in financial investments, in particular the TR and CDI) of 57.5% and the increase in the liability monetary variation (monetary correction of the depth for financial merchant lease for the amount of BRL 17.4 million) of 154.5%.

### Profit Sharing Program

The Company set up a provision of R\$17,492, as profit sharing, which is recorded in the account Salaries and social charges in current liabilities.

## 2.2 ECONOMIC INDICATORS

The Company had a YTD Net Profit of BRL 186.9 million for the first quarter of 2018, 16.7% higher than the net result of BRL 160.1 million posted for the same period of 2017. The result was mainly impacted by the growth in the operating revenue and management of operating costs and expenses.

<b>Economic Result</b>	<b>1Q18 (1)</b>	<b>1Q17 (2)</b>	<b>Var. % (1/2)</b>
<b>Operating Result</b>	<b>343.4</b>	<b>270.8</b>	<b>26.8</b>
Financial result	(55.8)	(33.0)	69.1
Taxes on profit	(100.7)	(77.7)	29.6
<b>Net Profit</b>	<b>186.9</b>	<b>160.1</b>	<b>16.7</b>

The reclassification of the results for the first quarter, excluded non-recurring items, is shown below:

Non-Recurring Items	1Q18 (1)	1Q17 (2)
<b>Net Profit</b>	<b>186.9</b>	<b>160.1</b>
PAI and PDVTC	6.8	15.5
PPR	17.5	-
Regulation Rate	5.2	-
Civil Claims for water shortage in Maringá	-	45.8
IBAMA agreement - Violations	18.0	-
Passive Monetary Variation of Financial Merchant Lease	17.4	-
Tax Effects	22.1	20.8
<b>Net Profit Proforma</b>	<b>273.9</b>	<b>242.2</b>
Net Margin	27.4	26.1
EBITDA	474.1	390.4
EBITDA Margin	47.4	42.1

Distribution of the Economic Wealth Generated	1Q18 (1)	1Q17 (2)	Var. % (1/2)
Staff Compensation	220.5	207.6	6.2
Government Compensation (Taxes)	217.9	190.1	14.6
Third-party compensation (Rentals)	12.1	11.7	3.4
Third-party Capital Compensation (Interest and monetary variations)	69.6-	60.5-	15.0
Net Profit for the Period not distributed	186.9	160.1	16.7
<b>Total Economic Wealth</b>	<b>707.0</b>	<b>630.0</b>	<b>12.2</b>

SANEPAR's growth and development strategy to operate in a public utility services market, also opened to private initiative, is based on the search for effective results, commitment to quality of services provided and, in particular, addressing the needs of the granting power and of shareholders.

The figures below display the financial-economic results achieved by the Company in supporting its investment programs, providing adequate conditions to address future demand levels.

Economic indicators	1Q18 (1)	1Q17 (2)	Var. % (1/2)
Net Operating Revenue (1)	999.4	926.4	7.9
Operating Profit	343.4	270.8	26.8
Net Profit	186.9	160.1	16.7
% Operating Margin	26.7	23.8	12.2
% Net Margin	18.7	17.3	8.1
% Profitability of mean PL	3.6	3.3	8.8
Net Debt/EBITDA (12-month rolling window)	1.5	1.6	(6.3)

(1) The growth in operating revenue, for the 12 month rolling window between March 2017 and March 2018 stems from the first Tariff Review authorized in 2017 by AGEPAR of 8.53%, coming in force on 01/Jun/2017, *pro-rata* since 16/May/2017, in addition to the increase in water and sewage services, with the increase in number of water connections (1.8%) and sewage connections (4.3%).



At the end of the first quarter 2018, company total assets reached BRL 10,352,0 million (BRL 10.122,7 million in 31/Dec/2017), with a total debt at the end of the quarter being BRL 5,012.4 million (BRL 4,970.0 million on 31/Dec/2017).

Of the total debt amount, BRL 2,714.6 million (BRL 2,716.8 million on 31/Dec/2017) is in connection with loans, financing and debentures, showing a reduction of 1.0% with respect to the end of tax year 2017.

	Reference	MAR/18	DEZ/17	Var. %
Net equity	BRL million	5,339.6	5,152.7	3.6
Share equity value	BRL	10.60	10.23	3.6
Level of indebtedness	%	48.4	49.1	(1.4)
Current liquidity	BRL	1.02	0.99	3.0
Dry liquidity	BRL	0.99	0.95	4.2

### EBITDA and Generation of Operating Cash

YTD EBITDA for the first quarter 2018, representing the Company Operating Result, was of BRL 409.2 million, as compared to BRL 329.2 million for the same period in the previous year, due, in particular, to revenue growth. The EBITDA margin went from 35.5% to 40.9%.

Operating cash generation was of BRL 302.3 million, a reduction of 10.5% as compared to the same period in 2017. The conversion of EBITDA in Operating Cash was of 73.9%.

EBITDA	1Q18 (1)	1Q17 (2)	Var. % (1/2)
Net Profit for the.	186.9	160.1	16.7
(+) Taxes on profit	100.7	77.7	29.6
(+) Financial result	55.8	33.0	69.1
(+) Depreciation and Amortization	65.8	58.4	12.7
<b>Total</b>	<b>409.2</b>	<b>329.2</b>	<b>24.3</b>
% EBITDA Margin	40.9	35.5	15.2
% Conversion EBITDA into Cash	73.9	102.7	(28.0)

### 2.3 INVESTMENTS

Investments made in the first three months of 2018 reached a total of BRL 204.8 million (BRL 153.9 million in 1Q17). Of the investments made, BRL 103.0 million were allocated to water supply systems, BRL 63.9 million in sanitary drainage systems and BRL 37.9 million in infrastructure.

Investment	1Q18 (1)	1Q17 (2)	Var. % (1/2)
Water	103.0	66.8	54.2
Sewage	63.9	77.0	(17.0)
Administrative and Others	37.9	10.1	275.2
<b>Total</b>	<b>204.8</b>	<b>153.9</b>	<b>33.1</b>

## 2.4 INDEBTEDNESS

Gross debt went from BRL 2,700.0 million in 1Q17 to BRL 2,714.6 in 1Q18, representing a growth of BRL 14.6 million. Net debt went from BRL 1,975.0 million in March 2017 to BRL 2,165.5 million in March 2018.

The leveraging index, measured by the ratio “Net Debt/EBITDA (12-month rolling window)” dropped in 9.9% going from 1.6x to 1.5x in 1Q17 and 1Q18, respectively, due to the increase in EBITDA.

Next, we show the composition of loans, financing, debentures and merchant leases, with the respective interest rates, maturation dates and outstanding balances on March 31, 2018:

Indebtedness	Annual interest rate	Indexer	Maturation date	Outstanding balance	%
Caixa Econômica Federal	6.62% to 12.68%	TR	19/02/2041	918.8	33.8
BNDES – PAC2	1.76% and 2.05%	TJLP	15/07/2029	230.4	8.5
Merchant Financial Lease	13.17%	IPC-	05/12/2036	194.5	7.2
Debentures 5th Issuance – 2th series	0.67%	DI	15/06/2018	192.7	7.1
Debentures 4th Issuance – 1th series	1.67%	TJLP	15/07/2027	191.2	7.0
Debentures 6th Issuance – 2th series	0.83%	DI	15/08/2019	170.9	6.3
Debentures 3rd Issuance – 2th Series	6.99%	IPCA	15/11/2020	135.4	5.0
Debentures 2nd Issuance – 2nd Series	9.19%	IPCA	15/09/2024	129.5	4.8
Debentures 2nd Issuance – 3rd Series	1.92%	TJLP	15/09/2024	105.4	3.9
Debentures 4th Issuance – 2nd Series	7.44%	IPCA	15/07/2027	99.4	3.7
Debentures 6th Issuance – 1st Series	0.81%	DI	15/08/2018	80.6	2.9
Debentures 2nd Issuance – 1st Series	1.92%	TJLP	15/09/2024	79.0	2.9
BNDES	1.82% and 2.50%	TJLP	15/01/2023	78.6	2.9
Debentures 3rd Issuance – 1st Series	0.69%	DI	15/11/2018	68.5	2.5
Banco Itaú – PSI	3.00 to 6.00%	-	15/01/2025	21.4	0.8
Banco do Brasil – PSI	3.00 to 6.00%	-	15/04/2024	18.3	0.7
<b>Total Short and Long Term</b>				<b>2,714.6</b>	<b>100.0</b>

The table below displays the profile of debt in relation to the maturation dates:

Description	Outstanding Balance	%
12 months	569.9	21.0
24 months	446.4	16.4
36 months	261.3	9.6
60 months	344.5	12.7
More than 60 months	1,092.5	40.3
<b>Total</b>	<b>2,714.6</b>	<b>100.0</b>

### 3. REGULATION

The Company was authorized by the state regulating agency Agência Reguladora de Serviços Públicos Delegados de Infraestrutura do Paraná – AGEPAR, through the Ratification Resolution (Resolução Homologatória) no. 003, of April 12, 2017, to apply the tariff repositioning index of 25.63% starting on April 17, as established in article 3:

*“Art. 3º - Define that the deployment of the ratified tariff review as per article 2 of this resolution will be deferred in 8 (eight) years, with the first installment corresponding to, in 2017, an average repositioning of 8.53% (eight point five three percent), and the other 7 (seven) installments of 2.11% (two point eleven percent), plus of the corresponding financial and economic correction, to be applied using the mean rate weighting for the daily financing operations obtained from the Sistema Especial de Liquidação e Custódia (SELIC), in the terms defined in the Technical Note approved in article 1 of this Resolution”.*

In an analogy, Technical Instruction (Orientação Técnica) OCPC 08 – Recognition of Specific Assets and Liabilities in General Purpose Accounting-Financial Statements of Power Utility Distribution companies (Reconhecimento de Determinados Ativos e Passivos nos Relatórios Contábil-Financeiros de Propósito Geral das Distribuidoras de Energia Elétrica) published in accordance with the Brazilian and International Accounting Standards, the Company does not post in its Accounting Statements amounts receivable statement from the deferment considering that: (i) realization or requiring of these amounts would depend on a future event not totally controllable by the Entity - future invoicing of water and sewage services; (ii) at the moment of the appearance of the right to receive, it is not practical to know who the debtors of said amounts would be; and (iii) actual collection of these amounts shall take place only by maintaining concessions.

The value estimate to receive stemming from the difference between the Revenue Required and the Actual Revenue will be measured and disclosed throughout the deferment period, and on March 31, 2018, represents BRL 547.9 million. This amount represents the best estimate on March 31, 2018. In actual terms, of the repositioning rate of 25.63% to be applied in 2017, 10.82% have been integrated to the Company tariff with a further 13.36% left pending for the coming 6 years.

#### **Installment A variation line (Conta de variação da Parcela A - CVA)**

The Offset of Variation of Items in Installment “A” account (Compensação de Variação dos Itens da Parcela “A”) corresponds to offsetting the sum of monthly difference amounts, positive or negative, calculated as a function of the variations in costs of electric energy, chemical products and sector charges, corrected by IPCA.

CVA is determined based on historical cost for the  $t - 1$  period for the three components mentioned above and passed through by way of the adjustments in period  $t$ . However, the basic formula for tariff readjustment does not guarantee the perfect pass through all of non-manageable costs to consumers, given it does not consider, for instance, the differences between the reference market and the actual deployment market.

Since the calculation of the tariff readjustment presupposes that in the following period the same exact volume will be in force ( $m^3$ ) applied in the calculation of the readjustment, at the end of period  $t$ , CVA balance would be zero.

In December 2017, the Company CVA posted a debit balance of BRL 8.7 million, that corrected applying the IPCA until March 2018, reached BRL 8.8 million, i.e., the actual amount for 2017,

updated until March 2018 that Sanepar must return via tariff. Between January and March 2018, a debit amount of BRL 0.4 million was posted, therefore, in March 2018, the cumulative CVA debit balance is of BRL 9.2 million.

### Tariff Readjustment

The Steering Committee of the regulatory agency in the state, to wit, Agência Reguladora de Serviços Públicos Delegados de Infraestrutura do Paraná – AGEPAR ratified on March 28, 2017, through Final Technical Note (Nota Técnica Final) no. 001/2018, the Annual Tariff Readjustment (Reajuste Tarifário Anual – IRT) of 5.12% on services rendered to be applied starting on May 17, 2018, and also approved the Sanitation Services Tariff Table, as per Ratifying Decision (Resolução Homologatória) no. 005/2018.

## 4. CORPORATE GOVERNANCE

Among the governance practices adopted by Sanepar in the first quarter of 2018, the deployment of the Distance Vote Bulletin (BVD - Boletim de Votos à Distância) for the GSAs and EGAs, in line with the instructions from CVM, c with the objective of enabling shareholders to provide their voting instructions. This scenario will enable increasing shareholder participation in assemblies, facilitating the voting and power of proxy for representation process, in addition to enabling the inclusion of proposals by shareholders and reducing costs inherent to participation and/or power of proxy representation.

## 5. CAPITAL MARKETS

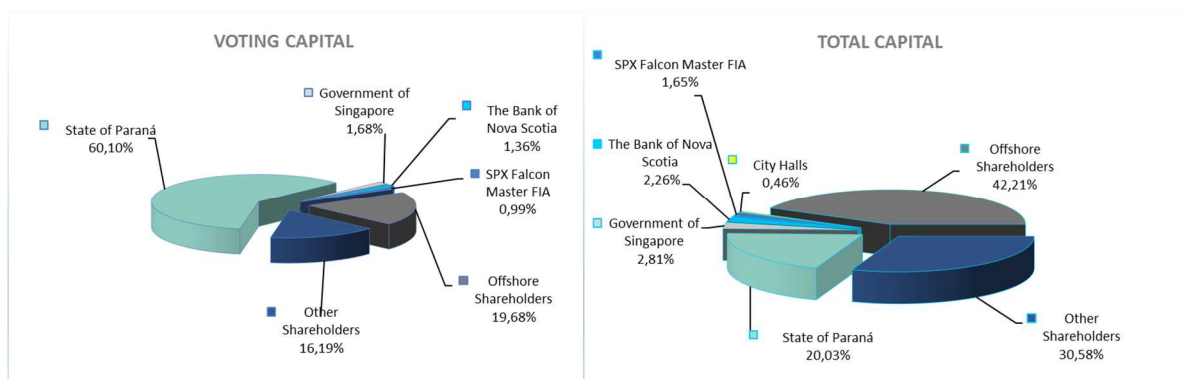
### 5.1 SHAREHOLDING COMPOSITION OF THE CAPITAL

The Share Capital is comprised of 503,735,173 shares, of which 167,911,753 are ordinary shares and 335,823,420 preferential shares without nominal value, fully paid in by individuals or businesses residing and domiciled both in the country and abroad.

The underwritten and paid in Share Capital on December 31, 2017, was of BRL 2,855.0 million net of the attraction of BRL 2,851.0 million, with its composition being shown below.

SHAREHOLDERS	Number of Shares			Share Capital - BRL thousand			% Interest	
	ON	PN	Total	ON	PN	Total	Voting Capital	Total Capital
State of Paraná	100,914,575	1	100,914,576	571,940		571,940	60.10%	20.03%
Government of Singapore	2,827,513	11,310,056	14,137,569	16,025	64,100	80,126	1.68%	2.81%
The Bank of Nova Scotia	2,279,500	9,118,000	11,397,500	12,919	51,677	64,596	1.36%	2.26%
SPX Falcon Master FIA	1,664,858	6,659,432	8,324,290	9,436	37,743	47,178	0.99%	1.65%
City Halls		2,310,702	2,310,702		13,096	13,096		0.46%
Other Foreign Shareholders	33,046,979	179,575,137	212,622,116	187,296	1,017,754	1,205,050	19.68%	42.21%
Other National Shareholders	27,178,328	126,850,092	154,028,420	154,035	718,931	872,966	16.19%	30.58%
<b>Total</b>	<b>167,911,753</b>	<b>335,823,420</b>	<b>503,735,173</b>	<b>951,651</b>	<b>1,903,301</b>	<b>2,854,952</b>	<b>100%</b>	<b>100%</b>

## Distribution of Capital



## 5.2 SECURITIES

Ordinary shares (SAPR3) ended the quarter at BRL 16.20 with a variation of 75.70% as compared to the same period in 2017.

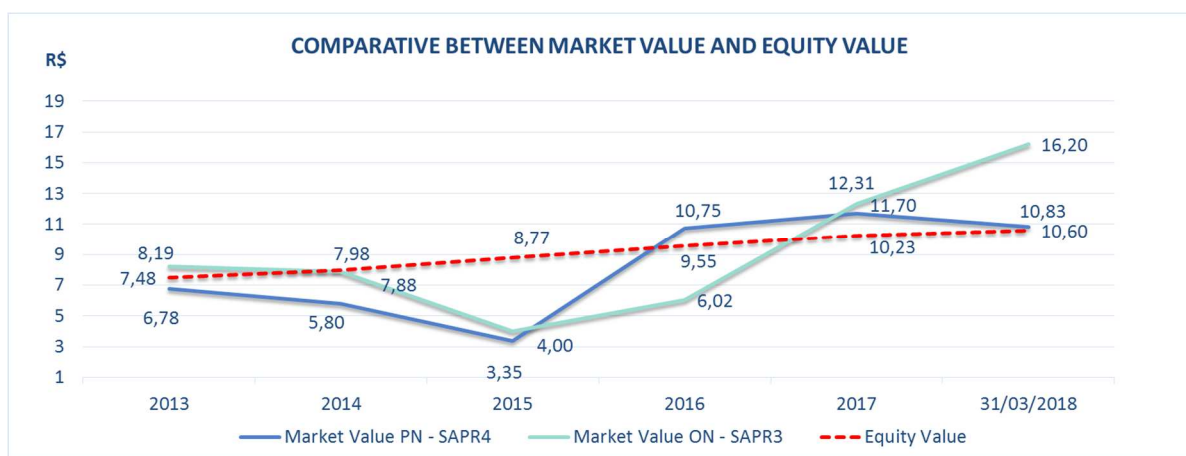
In 1Q18, Sanepar nominative preferential share (SAPR4), closed at BRL 10.83 as compared to BRL 11.00 in 1Q17, with a variation of 1.57%.

UNITS (SAPR11) reached the value of BRL 60.00 at the end of the quarter, accumulating a negative variation of 0.79% - since they were formed in November 2017.

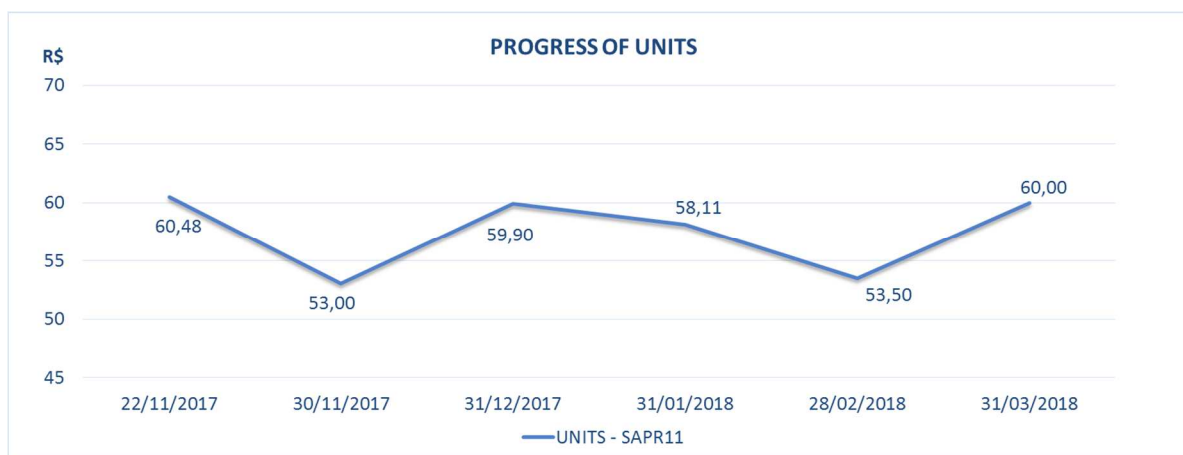
The equity value of each share in 1Q18 was BRL 10.60 and in 1Q17 registered at BRL 9.86.

The volume of Sanepar shares traded in 1Q18 was of BRL 2,267.6 million as compared to BRL 4,165.5 million registered in 1Q17.

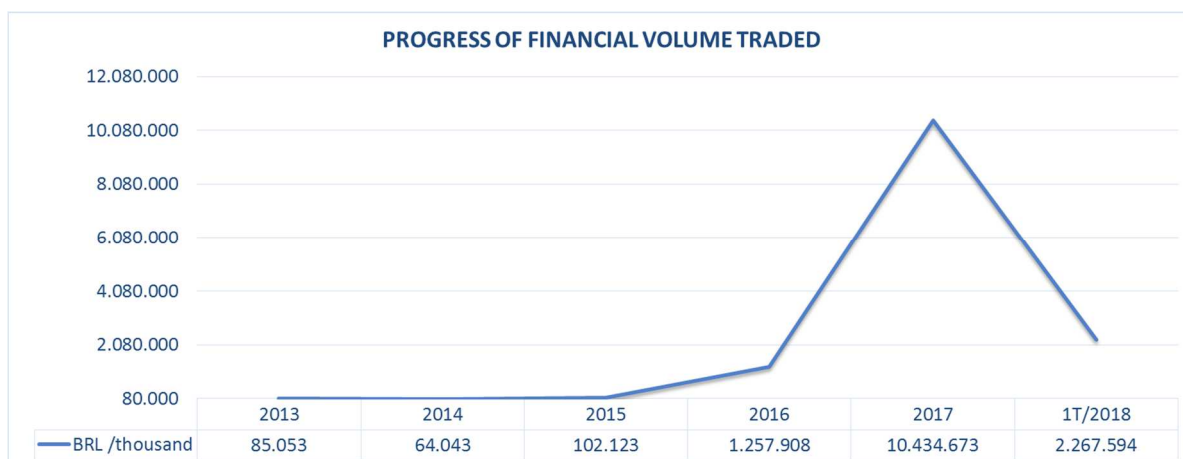
## Comparative between market value and equity value



### Progress of Units



### Progress of financial volume traded



### 5.3 PAYOUT

According to the Articles of Incorporation, the portion paid for the mandatory dividend may not be inferior to 25% of the adjusted Net Profit, as established in article 202, of Law 6404/76.

Based on the current dividend policy, Management may, in addition to the annual dividend, respected the financial health and public interest that led to the establishment of the Company, approve the distribution a further 25% of net profit in the form of additional dividends and/or interest on share capital. For shareholders owners of preferential shares Interest on Share Capital (dividend), dividend per share 10% higher than the one attributed to ordinary shares.

The Company shareholder compensation credit is attributed based on the shareholding interest position held on the last working day of June and December of each tax year. Any eventual negotiations after the credit, are considered *ex-dividends* (interest on share capital and dividends).

The Board approved, in accordance with the definitions of the 6th/2017 Ordinary Board Meeting held on June 13, 2017, credit of Interest on Share Capital, at 50%, addressed the legal limit for variation of

TJLP for the period, based on the results calculated in the 1<sup>st</sup> semester 2017. The gross amount of Interest on Share Capital, calculated for the first semester 2017, was of BRL 159.5 million.

The book credit for the 2nd semester, supplementary to the 1st semester, was approved on the 13<sup>th</sup>/2017 Ordinary Meeting of the Board, held on December 21, 2017 with the value calculated at BRL 159.6 million. Credits were attributed according to the shareholding position on December 28, 2017.

Interest on Share Capital are subject to 15% (fifteen percent) Income Tax Retained at the Source, except for shareholders declaring immunity or exemption.

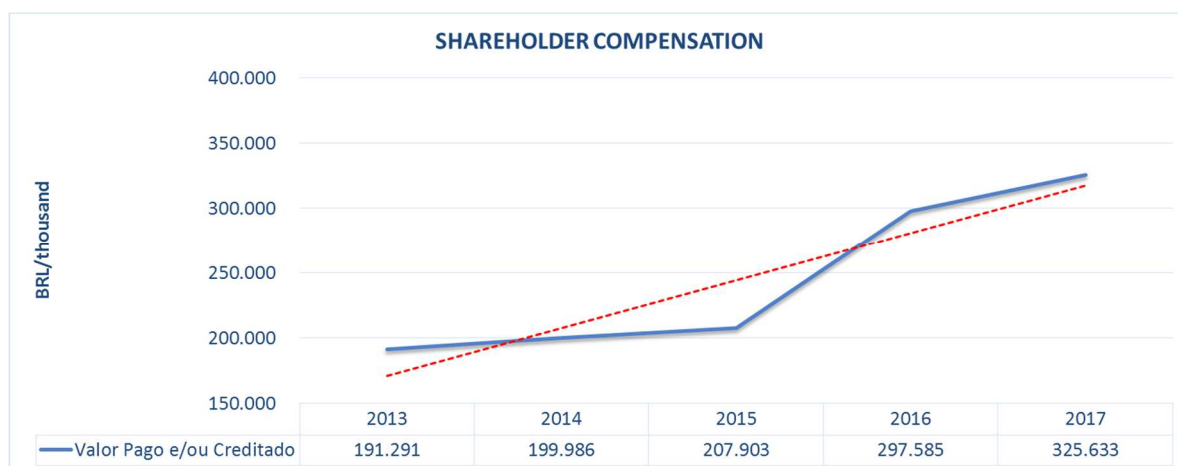
In addition to JCP, an amount of BRL 6.5 million was approved as Additional Dividends.

On April 26, 2018, the General Shareholder Assembly approved payment of Interest on Share Capital and Additional Dividends, credited to shareholders for tax year 2017, for the gross amount of BRL 325.6 million, to be paid by June 25, 2018.

The compensation per share to shareholders was as follows:

- Ordinary Share           0.60603
- Preferential Share       0.66663
- Value for 1 Unit         1.66949

### Shareholder compensation



## 6. OTHER INFORMATION

### 6.1 RISK RATING – Agency raises Sanepar rating

Moody's latest rating action (risk rating) for Sanepar occurred on August 16, 2017 raised the Company rating to "Ba2" on a global scale and "Aa2.br" on a national scale, moving up two levels, from A1.br to Aa2.br.

## **6.2 CS BIOENERGIA**

In 2014, the Company entered a new business stream by establishing CS Bioenergia S.A., together with company Cattalini, to produce energy from the residues generated by the Sewage Treatment Station of Belém, in Curitiba. The plant is currently at the pre-operational stage.

CS Bioenergia is a *joint-venture*, wherein the Company holds a shareholding interest of 40%, with the objective of transforming sludge, main byproduct of sewage treatment stations, in energy, driving major savings for the Company costs in both transportation and final destination, in addition to promoting environmental preservation.



<b>Result Statement</b>	<b>1Q18</b>	<b>1Q17</b>	<b>1Q16</b>
<b>Net Operating Revenue</b>	<b>999.4</b>	<b>926.4</b>	<b>806.6</b>
<b>Cost of Services Provided</b>	<b>(382.2)</b>	<b>(359.8)</b>	<b>(358.5)</b>
<b>Gross profit</b>	<b>617.2</b>	<b>566.6</b>	<b>448.1</b>
<b>Operating Expenses</b>	<b>(273.8)</b>	<b>(295.8)</b>	<b>(202.8)</b>
Commercial	(61.9)	(72.5)	(52.9)
Administrative	(143.0)	(140.5)	(163.7)
Civil, Labor, Tax and Environmental Provisions	(28.8)	(52.4)	40.2
Provisions for Retirement and medical Insurance Plan	(21.5)	(27.3)	(25.5)
Profit Share Program	(17.5)	-	-
Other Operating Expenses (Revenues)	(0.5)	(3.0)	(0.7)
Result of Equity Equivalence	(0.6)	(0.1)	(0.2)
<b>Result before Financial Results and Taxes</b>	<b>343.4</b>	<b>270.8</b>	<b>245.3</b>
<b>Financial result</b>	<b>(55.8)</b>	<b>(33.0)</b>	<b>(29.3)</b>
Financial Revenues	13.7	27.5	31.6
Financial Expenses	(69.5)	(60.5)	(60.9)
<b>Result Before Taxes on Profit</b>	<b>287.6</b>	<b>237.8</b>	<b>216.0</b>
Income Tax and Social Contribution on Profit	(100.7)	(77.7)	(71.7)
<b>Net Profit for the Period</b>	<b>186.9</b>	<b>160.1</b>	<b>144.3</b>

<b>Balance Sheet - Assets</b>	<b>MAR/18</b>	<b>DEC/17</b>	<b>DEC/16</b>
<b>Current Asset</b>			
Cash and Cash Equivalents	549.1	533.9	638.3
Accounts Receivable from Customers	627.4	606.3	559.8
Stocks	36.3	36.9	36.7
Taxes to Recover	24.6	24.1	39.0
Linked Deposits	6.2	5.8	9.9
Other Accounts Receivable	49.3	32.2	23.5
<b>Total Current</b>	<b>1,292.9</b>	<b>1,239.2</b>	<b>1,307.2</b>
<b>Non-Current Asset</b>			
Accounts Receivable from Customers	16.7	11.1	10.7
Income Tax and Social Contribution Deferred	475.7	453.1	374.0
Linked Deposits	50.2	49.5	45.8
Taxes to Recover	0.8	0.8	0.8
Contract Financial Assets	226.9	201.1	172.4
Judicial Deposits	186.7	185.4	156.4
Other Accounts Receivable	47.2	42.9	43.7
Investments	20.1	19.5	12.4
Fixed	137.0	129.9	131.3
Intangible	7,897.8	7,790.2	7,199.4
<b>Total Non-Current</b>	<b>9,059.1</b>	<b>8,883.5</b>	<b>8,46.9</b>
<b>Total Assets</b>	<b>10,352.0</b>	<b>10,122.7</b>	<b>9,454.1</b>

<b>Balance Sheet - Liability</b>	<b>MAR/18</b>	<b>DEC/17</b>	<b>DEC/16</b>
<b>Current Liability</b>			
Labor obligations	100.3	100.0	83.9
Suppliers	144.1	182.7	133.5
Tax Obligations	86.3	66.9	63.3
Loans and Financing	569.9	562.5	379.2
Dividends and JCP Payable	136.4	136.3	134.1
Concession Contracts	7.8	7.7	7.5
Contract Deposits and Retentions	2.7	2.7	2.3
Revenues to Accrue	4.2	4.2	0.5
Other Accounts Payable	57.4	54.5	36.5
Provisions for Retirement and medical Insurance Plan	63.9	62.4	53.1
Labor Claims Provisions	92.6	76.7	73.4
<b>Total Current</b>	<b>1,265.6</b>	<b>1,256.6</b>	<b>967.3</b>
<b>Non-Current Liability</b>			
Loans and Financing	2,144.6	2,154.3	2,332.9
Concession Contracts	82.9	84.3	89.4
Taxes and Contributions	1.2	1.3	1.4
Revenues to Accrue	12.3	13.3	-
Other Accounts Payable	77.1	80.4	4.9
Provisions for Retirement and medical Insurance Plan	894.2	874.2	742.9
Provisions	534.5	505.6	506.6
<b>Total Non-Current</b>	<b>3,746.8</b>	<b>3,713.4</b>	<b>3,678.1</b>
<b>Total Liability</b>	<b>5,012.4</b>	<b>4,970.0</b>	<b>4,645.4</b>
<b>Net Equity</b>			
Share Capital	2,851.1	2,851.1	2,847.7
Reassessment Reserve	79.7	81.2	87.2
Profit Reserves	2,162.9	2,162.9	1,779.9
Accumulated Profits	189.2	-	-
Equity Assessment Adjustments	7.2	8.0	10.4
Other Encompassing Results	49.5	49.5	83.5
<b>Total Net Equity</b>	<b>5,339.6</b>	<b>5,152.7</b>	<b>4,808.7</b>
<b>Total Liability and Net Equity</b>	<b>10,352.0</b>	<b>10,122.7</b>	<b>9,454.1</b>

<b>Cash Flow Statement</b>	<b>1Q18</b>	<b>1Q17</b>	<b>1Q16</b>
<b>Cash Flow from Operational Activities</b>			
<b>Net Profit for the Period</b>	<b>186.9</b>	<b>160.1</b>	<b>144.3</b>
<b>Adjustments for conciliation of Net Profit and net cash</b>			
Depreciation and Amortization	65.8	58.4	52.0
Cost of Drawdowns of Fixed and Intangible	0.6	0.8	0.9
Adjustment to Asset Value Recoverable	(0.1)	(0.1)	(0.1)
Cost of Drawdowns of Investments	-	0.2	-
Adjustment to Present Value –Financial Assets	(2.0)	(1.6)	(18.5)
Provision for Losses in Realizing Credits	(3.5)	5.6	1.4
Deferred Income Tax and Social Contribution, net	(22.5)	(33.6)	1.9
Civil, Labor, Tax and Environmental Provisions	28.8	52.4	(40.2)
Provisions for Retirement and medical Insurance Plan	21.5	27.3	25.5
Interest on Financing	55.1	63.1	55.2
Monetary Variations on Financing	22.3	9.2	15.9
Result of Equity Equivalence	0.6	0.1	0.2
Accrual of Costs in Attracting Third-party Resources	0.2	0.2	-
Adjustment to Fair Value - Investment	-	2.1	-
	<b>353.7</b>	<b>344.2</b>	<b>238.5</b>
<b>Variation on Asset and Liabilities</b>			
Accounts Receivable from Customers	(23.2)	(25.8)	(33.8)
Taxes and Contributions to Recover	(0.5)	37.9	28.1
Stocks	0.6	0.4	(1.0)
Judicial Deposits	(1.3)	(26.3)	(5.0)
Other Credits and Accounts Receivable	(21.4)	(22.1)	(8.3)
Suppliers	(38.6)	(17.1)	(11.0)
Concession Contracts	(1.3)	(1.1)	0.6
Taxes and Contributions	19.5	9.2	7.4
Salaries and Charges Payable	16.2	16.4	15.5
Contract Deposits and Retentions	-	0.3	0.1
Revenues to Accrue	(1.0)	20.1	(0.8)
Documents Payable	-	-	(1.8)
Other Accounts Payable	(0.4)	1.8	(3.7)
	<b>(51.4)</b>	<b>(6.3)</b>	<b>(13.7)</b>
<b>Cash Generated by Operating Activities</b>	<b>302.3</b>	<b>337.9</b>	<b>224.8</b>
<b>Cash Flow from Investment Activities</b>			
Deployment on Fixed and Intangible	(204.8)	(153.9)	(150.9)
Deployment in Investments	(1.2)	(11.1)	(1.4)
<b>Cash Generated from Investment Activities</b>	<b>(206.0)</b>	<b>(165.0)</b>	<b>(152.3)</b>
<b>Cash Flow from Financing Activities</b>			
Financing Obtained	17.9	11.5	27.8
Amortization of Financing	(47.1)	(44.9)	(33.6)
Payment of Interest on Financing	(50.5)	(51.3)	(31.6)
Cost of Attracting Third-party Resources	(0.3)	-	-
Linked Deposits	(1.1)	(1.5)	(1.1)
<b>Cash Generated by Financing Activities</b>	<b>(81.1)</b>	<b>(86.2)</b>	<b>(38.5)</b>
<b>Variation in Balances of Cash and Equivalents</b>	<b>15.2</b>	<b>86.7</b>	<b>34.0</b>
Initial Cash and Equivalents Balance	533.9	638.3	163.8
<b>Final Balance of Cash and Equivalents</b>	<b>549.1</b>	<b>725.0</b>	<b>197.8</b>

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