



SANEPAR HIGHLIGHTS

2nd QUARTER 2017

- ✓ **NET RESULT OF BRL 160.9 MILLION FOR THE QUARTER;**
- ✓ **GROWTH OF 17,965 2Q17, ADDING 102.4 THOUSAND NEW SEWAGE CONNECTIONS IN 12 MONTHS**
- ✓ **FIRST INSTALLMENT OF TARIFF REPOSITIONING OF 8.53% APPLIED;**
- ✓ **CHANGE IN THE CORPORATE TARIFF STRUCTURE.**

MISSION

To sustainably provide services in Environmental Sanitation, contributing to the improvement of quality of life.

VISION

To be a company of excellence, committed to universalizing Environmental Sanitation.

OUR VALUES

Competence

Commitment

Ethics

Innovation

Professionalism

Respect

Responsibility

Transparence

RESULTS 1st QUARTER 2017

Curitiba, Brasil, 08 August 2017 – Companhia de Saneamento do Paraná – Sanepar (B3: SAPR3 and SAPR4), one of Brazil's main providers of basic sanitation services, acting in the State of Paraná, on this date posted the results for the second quarter 2017 (2Q17). The following financial and operating information, except where stated otherwise, are shown in compliance with Brazilian corporate legislation and comparisons are with respect to second quarter 2016 (2Q16).

Tables with the results are shown at the end of this document and available for download at <http://site.sanepar.com.br/investors-relations/about>

FINANCIAL AND OPERATING INFORMATION

PERIOD COVERED: 01/Apr/2017 TO 30/Jun/2017

- ✓ Adjusted EBITDA for 2Q17 was of BRL 320.5 million, 5.7% lower as compared to 2nd quarter of the previous year (EBITDA Ajustado do 2Q16 BRL 339,7 million);
- ✓ 2Q17 EBIT was of BRL 261.1 million, 8.9% lower as compared to 2nd quarter of the previous year (2Q16 EBIT BRL 286.7 million);
- ✓ Gross Operating Revenue for 2Q17 was of BRL 978.3 million, 3.9% higher as compared to 2nd quarter of the previous year (Gross Operating Revenue for 2Q16 was of BRL 941.9 million);
- ✓ Net Operating Revenue for 2Q17 was of BRL 908.8 million, 3.7% higher as compared to 2nd quarter of the previous year (Net Operating Revenue for 2Q16 was of BRL 876,1 million);
- ✓ Gross Profit was of BRL 525.5 million in 2Q17 as compared to 2nd quarter of the previous year (net Profit of BRL 525.5 million in 2Q16) and Gross Operating Margin was of 54.0%, for both, with no variation for the period;
- ✓ Net Profit for 2Q17 was of BRL 196.9 million, 5.8% lower than the 2nd quarter of the previous year (Net Profit 2Q16 BRL 209.1 million);
- ✓ Investment Plan - In 2Q17, the Company invested BRL 161.8 million as compared to BRL 190.6 million for 2Q16, for the purpose of improving and expanding our water production and distribution systems and sewage and solid waste collection and treatment systems, enhance and protect water resources in order to preserve the quality of services currently provided, in particular given the rising demand for sewage services in the municipalities serviced by the Company.
- ✓ The Loss per Connection Index (LCI) – Average LCI at the end of 2Q17 was of 231.3 as compared to 231.4 at the end of 2Q16. Despite the operating measures applied, a stable condition can be observed.

NET PROFIT

The Company's Net Result of BRL 196,9 million achieved in 2Q17 was (5.84)% lower than the result for the same period in the previous year of BRL 209,1 million (2Q16). It is important to highlight that the YTD net result closed with a growth of 1.1% as compared to the same period on 2016, of BRL 356.9 million and BRL 353.4 million, respectively. A positive variation was achieved for the Net Margin of 23.9% for 2Q17, higher than the 21.7% posted for the same quarter in the previous year 2Q16.

FINANCIAL AND OPERATING INFORMATION

FINANCIAL INFORMATION	
Profitability over PL	7.4%
Net Equity	BRL 4,857.3 million
Total Assets	BRL 9,559.8 million
Investments in Quarter	BRL 161.8 million
Resources Attracted	BRL 192.1 million

OPERATING INFORMATION

WATER TREATMENT AND DISTRIBUTION	
Treated water supply index	100%
Total connections ¹	3,056,784
Extent of distribution mains	52,094 km

(1) Includes 04 industrial connections

SEWAGE TREATMENT AND DISTRIBUTION	
Sewage collection index	70%
Sewage treatment index	100%
Total connections	1,994,218
Extent of sewage collection mains	33,547 km

OPERATING REVENUE, NET	PERIOD		
	2Q17 (BRL thousand)	2Q16 (BRL thousand)	Var. %
Operating Revenue (Water + Sewage + Services and Others)	908,847	876,072	3.74
Gross Profit	525,457	525,540	-0.02
EBIT	261,101	286,708	-8.93
EBITDA	320,416	339,628	-5.66
Depreciation/Amortization	(59,315)	(52,920)	12.08
Net Profit	196,860	209,076	-5.84
LPA PN (Profit per preferential share)	0,3664		
LPA ON (Profit per ordinary share)	0,4030		

RESULTS

GROSS OPERATING REVENUES

Gross Operating Revenues were of BRL 978.3 million in 2Q17, an increase of 3.86%, as compared to BRL 941,9 million in 2Q16. The tariff readjustment of 8.53% for the year of 2017, stemming from the deferment of the Periodic Tariff Review of 25.63%, applied to the bills starting on 01/Jun/2017 and the increase in water and sewage services and the growth in the number of water and sewage connections influenced the increase in relation to the same period for the previous year.

It is important to stress that around 184 thousand families covered by the Social Tariff were benefited, representing 2.4% of the Gross Operating Revenue of BRL 1,977.2 million YTD for the second quarter of 2017.

Revenues from Water

Revenues from water increased in 1.69% going from BRL 585.8 million in 2Q16 to BRL 595.8 million in 2Q17, varying based on the (4.23%) decrease in volume of water billed and an increase in water connections of 1.96%.

Revenues from Sewage

Revenues from sewage increased in 6.87%, going from BRL 317.7 million in 2Q16 to BRL 339.6 million in 2Q17, and a significant decrease in the volume of sewage billed of (0.82%), the number of sewage connections increased in 5.41%.

Revenues from Services and Other Sources

Revenues from Services and other revenues increased in BRL 33.3 million in 2Q16 to BRL 43.0 million in 2Q17, with a variation of 12.21%. This material variation, similar to the 1st quarter, is highly impacted by private donations (increment of Corporate equity).

GROSS OPERATING INCOME	PERIOD		
	2Q17 (BRL thousand)	2Q16 (BRL thousand)	Var. %
Water	595,763	585,888	1.69
Esgoto	339,564	317,731	6.87
Services and Others	43,009	38,330	12.21
Total	978,336	941,949	3.86

Costs of Products and Services

Costs of Products and Services Provided in the water segment totalled BRL 383.4 million in 2Q17, as compared to BRL 350.5 million for the same period in 2Q16. For the sewage segment, the total was of BRL 110.5 million in 2Q17, an increase of 21.92% with respect to 2Q16's BRL 90.7 million. Here, it is important to inform that the costs with reference to the solid waste segment were added to the sewage segment, representing around 3.0% of the cost for 2Q17.

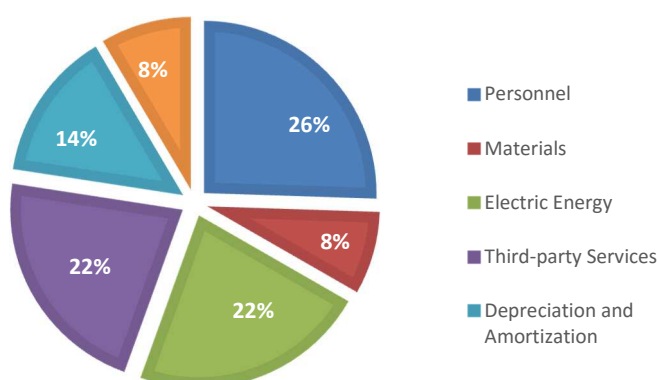
The main variations occurred in reduction of the cost of Electric Energy due, largely, to the discount for the flags representing average savings of 15.6%. Expenses with materials increased, on average, in 17.9% due to cost increases in products used, in particular, in sewage treatment, in connection with delays in deliveries planned for 2016 but actually happening only in 2017 after the respective disbursement. Another important variation is in relation costs sewage removal services, because of having to bring forward dredging of ponds, and consequent removal and disposal of all sludge in landfills.

The variation in personnel costs due to the labor monies readjustment of 4.69% as a function of the 2017/2018 Collective Work Agreement signed in May/2017 and retroacting to March/2017 was also taken into account .

O&M	Water			Sewage*			TOTAL		
	2Q17	2Q16	Var %	2Q17	2Q16	Var %	2Q17	2Q16	Var %
Personnel	(72,688)	(56,083)	29.61	(25,132)	(18,337)	37.06	(97,820)	(74,420)	31.44
Material	(20,953)	(19,719)	6.26	(8,788)	(5,515)	59.35	(29,741)	(25,234)	17.86
Electric Energy	(76,495)	(91,483)	(16.38)	(8,781)	(9,584)	(8.38)	(85,276)	(101,067)	(15.62)
Thrid-party Services	(49,497)	(45,665)	3.14	(34,494)	(28,069)	22.89	(83,991)	(73,734)	13.91
Subtotal	(219,633)	(212,950)	(3.14)	(77,195)	(61,505)	25.51	(296,828)	(274,455)	8.15
Depreciation and Amortization	(28,421)	(25,137)	13.06	(25,540)	(22,424)	13.90	(53,961)	(47,561)	13.46
Other Costs	(24,786)	(21,773)	13.84	(7,815)	(6,743)	15.90	(32,601)	(28,516)	14.33
TOTAL	(272,840)	(259,860)	4.99	(110,550)	(90,672)	21.92	(383,390)	(350,532)	9.37

* Costs with reference to the solid waste segment are included in the sewage segment

OPERATING COSTS - 2T17

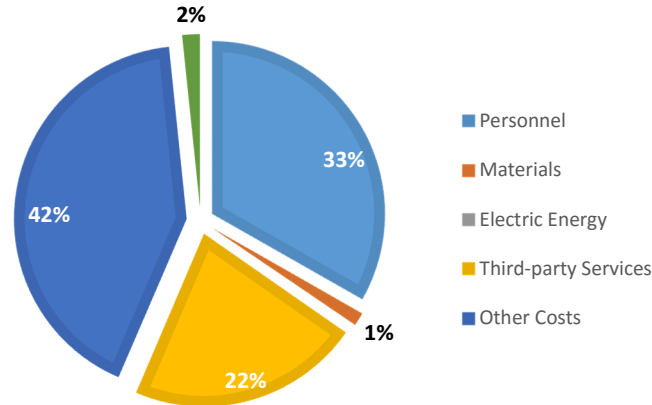


Commercial Expenses

In Commercial Expenses, the increase was of 56.7%, going from BRL 58.5 million reached in 2Q16 to BRL 91.7 million in 2Q17 with the main variation occurring in the record of civil claims for indemnities from clients, suppliers and eventual damages caused to third-parties, in collection services, in readjustment to commercial field service contracts and accrual of costs for works concluded in the SANEPAR Rural Program. Another considerable variation stems from the readjustment of personnel compensation monies as a function of the 2017/2018 Collective Labor Agreement signed in May/2017 and retroacting to March/2017.

COMMERCIAL EXPENSES	2Q17	2Q16	%
PERSONNEL	(30,487)	(22,567)	35.10
MATERIALS	(1,141)	(914)	24.84
ELECTRIC ENERGY	(185)	(228)	-18.86
THIRD-PARTY SERVICES	(19,965)	(17,181)	16.20
OTHER CUSTS	(38,453)	(16,227)	136.97
DEPRECIATION AND AMORTIZATION	(1,499)	(1,410)	6.31
TOTALS	(91,730)	(58,527)	56.73

COMMERCIAL EXPENSES - 2T17



Administrative Expenses

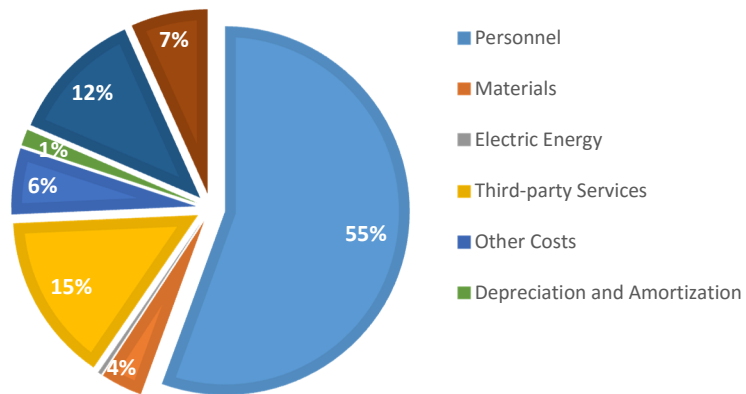
Variation in Administrative Expenses was of 14.4%, with respect to 2Q16 going from BRL 148.6 million to BRL 170.1 million in 2Q17. The main variation occurred in personnel expenses resulting in 4.69% as a function of the 2017/2018 Collective Labor Agreement signed in May/2017 and retroacting to March/2017.

ADMINISTRATIVE EXPENSES	2Q17	2Q16	%
PERSONNEL	(150,119)	(135,188)	11.04
MATERIALS	(9,880)	(9,491)	4.10
ELECTRIC ENERGY	(902)	(1,112)	-18.88
THIRD-PARTY SERVICES	(39,805)	(34,247)	16.23
OTHER COSTS	(15,557)	(17,245)	-9.79
DEPRECIATION AND AMORTIZATION	(3,854)	(4,063)	-5.14
TRANSF TO/COMMERCIAL COSTS AND EXPENSES ¹	31,861	30,450	4.63
CAPITALIZED EXPENSES ²	18,171	22,275	-18.42
TOTALS	(170,085)	(148,621)	14.44

(1) Expenses previously entered as administrative and reallocated to commercial expenses

(2) Expenses capitalized from works, project related and others

ADMINISTRATIVE EXPENSES - 2T17



Financial Revenues/(Expenses)

The results obtained from Financial Revenues for 2Q17 was materially positive in relation to 2Q16, with a variation of 93.2%. Amounts reached were BRL 13.9 million for the reference period in 2016 and BRL 26.9 for the current quarter. The main driver was the growth of 157.9% in the gains with financial investments and offset by the drop in (37.6%) in PVU for Contractual Financial assets.

Financial expenses fell in (13.6%) as compared to the same quarter in the previous year.

FINANCIAL REVENUES	2Q17	2Q16	Var %
FINANCIAL INVESTMENTS	20,625	7,998	157.88
OTHER FINANCIAL REVENUES	3,753	1,853	102.54
ACTIVE MONETARY VARIATIONS	2,542	4,076	-37.63
TOTAL	26,920	13,927	93.29
FINANCIAL EXPENSES	2Q17	2Q16	Var %
INTEREST AND FINANCING CHARGES AND DEBENTURES	(48,143)	(44,982)	7.03
PASSIVE MONETARY VARIATIONS	(18,011)	(11,755)	53.22
OTHER FINANCIAL EXPENSES	(255)	(1,744)	-85.38
TOTAL	(66,409)	(58,481)	13.56
TOTALS REVENUES (EXPENSES) NET FINANCIALS	(39,489)	(44,554)	-11.37

Accounts Receivable from Customers

The Accounts Receivable from Customers, net also presented a decrease of (5.97%) as compared to 2Q16.

Amounts comprising Accounts receivable Past Due display outstanding debts from City Halls for the amount of BRL 4.3 million in 2017 and BRL 6.2 million in 2016, from Privates the amount of BRL 157.7 million in 2017 and BRL 145.5 million; from the Federal sector BRL 128.0 million in 2017 and BRL 453.0 million in 2016, and for the State sector, the amounts were BRL 20.0 milhões in 2017 and BRL 24.3 million in 2016.

For Public Administration entities the fitting collection measures are not applied, such as the interruption of supply. However, the Company continues working on this, through negotiation with Municipal Agencies, whenever possible by offset of bills and for State agencies again by offsetting billed amounts (Company bill x payment of dividends and/or interest on shareholding capital) when backed by the State Attorney General's office (Procuradoria Geral do Estado – PGE).

The level of Losses in Realizing Accounts Receivable of BRL 158.5 million in 2Q17 converges with performance of the national sanitation sector, considered within normal behavior.

Balances for Accounts Receivable from Customers have the following due date-based composition:

ACCOUNTS RECEIVABLE FROM CUSTOMERS	2Q17	1Q17	%
ACCOUNTS RECEIVABLE NOT YET DUE	220,062	215,905	1.93
ACCOUNTS RECEIVABLE FROM INSTALLMENT PLANS	36,634	36,527	0.29
ADJUSTMENT TO PRESENT VALUE	(2,773)	(3,188)	-13.02
ACCOUNTS FOR BILLING (Consumption Unbilled)	139,354	147,846	-5.74
TOTAL	393,277	397,090	-0.96

ACCOUNTS RECEIVABLE PAST DUE, NET	2Q17	1Q17	%
FROM 1 to 30 DAYS	101,079	112,446	-10.11
FROM 31 to 60 DAYS	28,523	29,518	-3.37
FROM 61 to 90 DAYS	11,919	11,997	-0.65
FROM 91 to 180 DAYS	21,498	21,098	1.90
UP TO 180 DAYS	177,556	169,978	4.46
PROVISION FOR LOSSES IN REALIZING CREDITS	(158,500)	(151,406)	4.69
TOTAL	182,075	193,631	-5.97
TOTAL ACCOUNTS RECEIVABLE, NET	575,352	590,721	-2.60
SHORT TERM	564,199	579,507	-2.64
LONG TERM	11,153	11,214	-0.54

INDEBTEDNESS

LOANS, FINANCING AND DEBENTURES

Balances for Loans, Financing and Debentures showed a reduction of 0,4%, from BRL 2,712.0 million at the end of 2016 to BRL 2,700.0 million incurred in 2Q17.

Average maturity term for the debt is of 52 months, equivalent to 04 years and 04 months and representing 28% of Total Assets.

Description	Actual Annual Interest Rate	Indexer	Last Due date	2Q17	1Q17
DEBENTURES 6th Issuance - 1st series	1.28%	DI	2018	83,242	80,834
DEBENTURES 6th Issuance - 2nd series	1.32%	DI	2019	176,757	171,675
DEBENTURES 5th Issuance - 1st series	0.98%	DI	2017	-	115,563
DEBENTURES 5th Issuance - 2nd series	1.06%	DI	2018	189,596	196,330
DEBENTURES 3rd Issuance - 1st Series	1.10%	DI	2018	135,128	140,177
DEBENTURES 3rd Issuance - 2nd Series	6.99%	IPCA	2020	130,570	131,875
BNDES	1.82% and 2.50%	TJLP	2023	101,725	109,439
Banco do Brasil - PSI	3.00% to 6.00%	-	2024	20,843	21,692
DEBENTURES 2nd Issuance - 1st series	1.92%	TJLP	2024	87,548	90,388
DEBENTURES 2nd Issuance - 2nd series	9.20%	IPCA	2024	148,205	144,119
DEBENTURES 2nd Issuance - 3rd series	1.92%	TJLP	2024	116,730	120,516
Banco Itaú – PSI/13	3.00% to 6.00%	-	2025	24,025	24,918
DEBENTURES 4th Issuance - 1st series	1.67%	TJLP	2027	181,818	181,371
DEBENTURES 4th Issuance - 2nd series	7.44%	IPCA	2027	85,077	54,533
BNDES – PAC2	1.76% and 2.05%	TJLP	2028	188,992	174,414
Merchant Financial Lease	12.12%	IPC-FIPE	2036	54,429	41,412
Caixa Econômica Federal	6.62% to 12.68%	TR	2038	891,266	870,699
Balance at End of Period				2,615,951	2,669,955
Short Term Due Installments				478,318	(396,680)
Long Term Due Installments				2,137,633	2,303,275
DEBT SERVICING				CUMULATIVE	CUMULATIVE
Interest				119,519	51,316
Principal				192,066	44,913
Total				311,585	96,229

OPERATING INDICATORS

WATER	2Q2017	2016	2015	2014	2013
Savings in water provided through distribution mains - IARDA	3,784	3,730	3,643	3,525	3,388
Mains distribution service index - %	100,0	100,0	100,0	100,0	100,0
No. of treatment stations	164	164	170	168	176
No. of Wells	1,050	1,037	1,027	1,019	999
No. of surface collection points	230	232	228	239	237
No. of connections	3,056,784	3,025,780	2,979,363	2,909,401	2,816,414
Km of mains in place	52,094	51,558	49,603	47,176	45,262
Gross revenue - BRL Thousand	595,763	2,309,458	1,944,616	1,752,115	1,600,522
Volume produced - m ³	377,722,316	742,253,014	725,768,543	735,028,348	721,041,283
Volume measured - m ³	249,748,719	483,984,520	480,253,979	494,064,389	475,310,852
Volume invoiced - m ³	292,841,182	587,459,667	582,593,620	586,594,073	564,037,262
Loss indices:					
In distribution system - %	33.9	34.8	33.8	32.8	34.1
In billing - %	22.5	20.9	19.7	20.2	21.8
Fugue of revenue - %	1.5	3.3	2.7	1.3	2.5
Loss per connection/day (Liters) Index	231.3	233.1	225.8	226.9	239.0
SEWAGE	2Q2017	2016	2015	2014	2013
Savings in sewage provided through collection mains - IARCE	2,642	2,579	2,446	2,300	2,168
Collection mains treatment index - %	69,8	69,1	67,1	65,3	64,0
No. of treatment stations	239	239	234	234	230
No. of connections	1,994,218	1,953,484	1,859,533	1,759,422	1,667,163
Km of mains in place	33,547	33,069	31,073	28,937	27,875
Gross revenue - BRL Thousand	339,564	1,270,631	1,044,212	917,527	827,166
Volume collected - m ³	177,359,575	337,683,281	324,921,875	326,133,979	308,738,444
Volume treated - m ³	177,343,097	337,479,509	324,408,577	324,464,460	306,521,830
Volume invoiced - m ³	208,049,741	408,529,723	392,453,018	385,047,354	363,627,081
Analyses:					
Treated/Collected - %	100.0	99.9	99.8	99.5	99.3
Billed/Collected - %	117.3	121.0	120.8	118.1	117.8

PRODUCTIVITY

The Companhia ended 2016 with a total headcount of 7344 employees. In 2Q17, the Company had 7383 employees compared to the same period for the the previous year with 7229 - a variation of 2.1%. Sanepar works round the clock committed to guaranteeing health and quality of life for the population. In addition to involving employees in modern management practices that guarantee perenity for the business, investing in occupational safety and customer satisfaction. It is also a protagonist in environmental preservation and has a commitment to returning the water in adequate conditions to the rivers from which they are taken for its processes.

EXPANSION

In 2Q17, 1496 km of water mains were added to the existing fixed assets, reaching 52,094 km. A total of 58,635 new water connections were added as compared to the same Quarter in 2016, In the Sewage system, 1721 km of collection mains were added to the existing system, reaching 33,547 km, and an increment of 102,420 new connections, as compared to the same Quarter in 2016.

In 2Q17, the Company invested BRL 161.8 million, representing 1.4 times the value of depreciation for the year. Investments in the water segment correspond to BRL 71.5 million. For the sewage segment, investment was of BRL 72.9 million and BRL 17.4 million in other fixed assets.

Between January and June 2017, the Company invested BRL 327.7 million in expansion works, improvements and technology updates with a view to increasing efficiency and reducing environmental impacts of its operating complex.

FINANCIAL INDICATORS

BALANCE FOR THE PERIOD	2Q2017	2016	2015	2014	2013
Net Revenue	908,847	3,477,525	2,971,185	2,617,040	2,370,179
Adjusted Profit for the Activity (EBITDA)*	320,416	1,312,619	967,494	942,155	937,573
Net profit	196,860	626,847	438,444	421,586	402,904
Net equity	4,857,284	4,808,673	4,180,307	3,801,085	3,566,842
Investments	162,584	708,833	795,089	959,566	787,001
Shareholder compensation	159,510	297,585	207,903	167,545	126,837
INDICATORS	2Q2017	2016	2015	2014	2013
EBITDA Margin	35.3%	37.7%	32.6%	36.0%	39.6%
Net Margin	21.7%	18.0%	14.8%	16.1%	17.0%
Profitability of SC	4.1%	13.0%	10.5%	11.1%	11.3%
Asset Turnover	0.2X	0.4X	0.4X	0.4X	0.4X
Share value BRL	9.64	9.55	8.77	7.98	7.48
Current Liquidity	1.0	1.3	1.0	0.7	1.1
Net Debt/SC	0.5X	0.6X	0.6X	0.4X	0.4X
Price/Profit	27.9	8.6	3.6X	6.6X	8.0X
Price/VPS	2.9X	0.8X	0.3X	0.7X	0.9X
Market Value	5,213,659	5,415,153	1,596,678	2,764,397	3,231,485

* In 2017, EBITDA was not adjusted, being calculated in line with Instruction CVM nº 527.

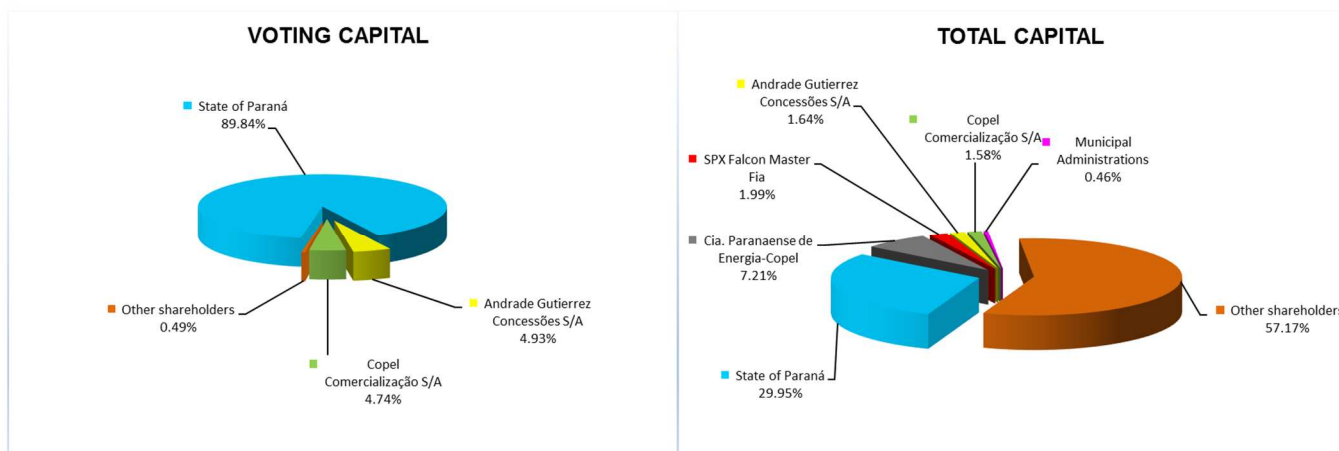
CAPITAL STRUCTURE

Share Capital comprises 503,735,173 shares, of which 167,911,724 ordinary shares and 335,823,449 preferential shares without nominal value, fully paid in by individuals and legal entities residing and domiciled in country and abroad.

The Share Capital underwritten and paid in on 30 June 2017 is of BRL 2,854,952, net of the attraction of BRL 2,847,664 with the current shareholding composition shown below.

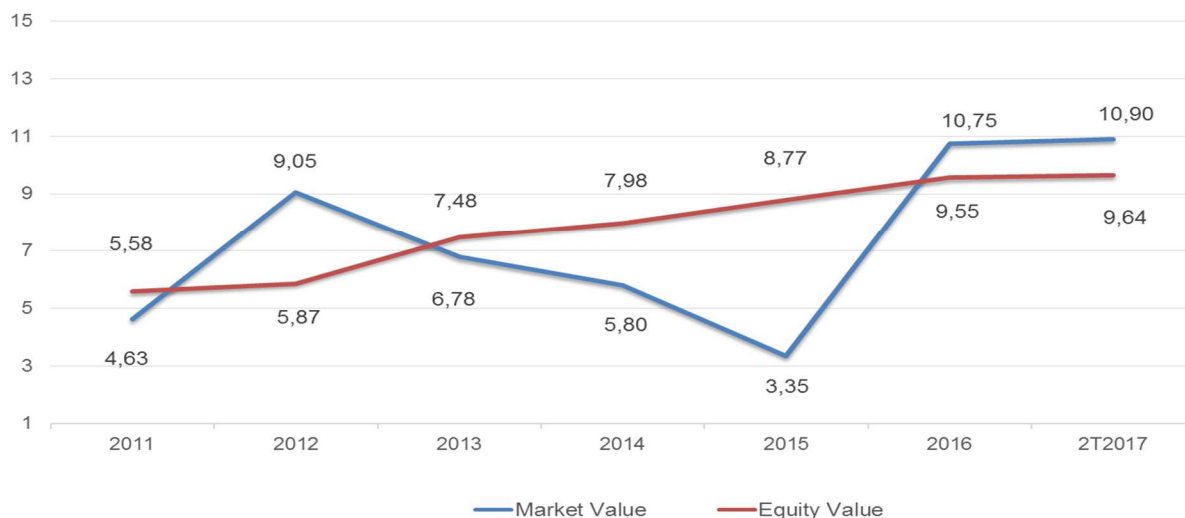
SANEPAR CAPITAL STRUCTURE

SHAREHOLDERS	No. of Shares			Shareholder Capital - BRL thousand		
	ON	PN	Total	ON	PN	Total
State of Paraná	150,845,890	1	150,845,891	854,929	-	854,929
Cia. Paranaense de Energia-Copel	-	36,343,267	36,343,267	-	205,978	205,978
SPX Falcon Master Fia	-	10,036,931	10,036,931	-	56,885	56,885
Andrade Gutierrez Concessões S/A	-	-	8,281,053	-	46,933	46,933
Copel Comercialização S/A	7,956,306	-	7,956,306	45,093	-	45,093
Municipal administrations	-	2,339,005	2,339,005	-	13,256	13,256
Other shareholders	828,475	287,104,245	287,932,720	4,695	1,627,182	1,631,877
Total	167,911,724	335,823,449	503,735,173	951,651	1,903,301	2,854,952



SANEPAR SHARE PRICES

COMPARATIVE BETWEEN EQUITY VALUE AND MARKET VALUE



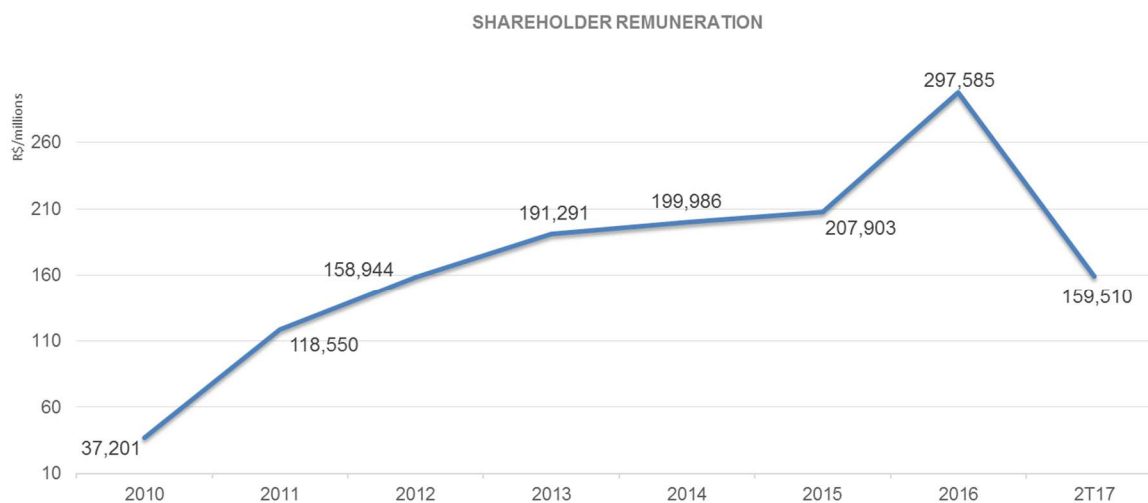
CAPITAL MARKETS

In 2Q17, Sanepar nominative preferential share (PN), SAPR4, closed at BRL 10.90 as compared to BRL 5.30 in 2Q16.

Sanepar preferential share price (SAPR4) at the São Paulo Stock Exchange (B3) closed 2Q17 with a positive cumulative variation of 1.4%, as compared to a positive variation of 58.2% posted for the same period of the previous year.

The share price in 2Q17 was of BRL 9.64 and in 2Q16, the price was BRL 8.98.

The financial transaction volume with Sanepar shares in 2Q17 was of BRL 2.280 billion as compared to BRL 80.3 million recorded in 2Q16.



Company By-Laws establish mandatory dividend distribution of 25% of the adjusted net result in compliance with article 202 of the Brazilian corporate legislation.

Management is entitled to, in addition to the mandatory annual dividend, address the corporate financial health and public interest driver of the establishment of the Company, approving the distribution as additional dividend and/or interest on shareholder capital of more than 25% of net profit. For shareholders holding preferential shares Interest on Shareholder Capital (dividend) were allocated compensation per share 10% higher than the attributed to ordinary shares.

Company shareholder compensation credit is allocated based on the shareholding interest on 30 June and 31 December of each tax year and eventual negotiations after the credit, are considered ex-dividends (interest on shareholder capital and dividends).

On 27 April 2017, the Shareholder Assembly approved the payment of interest on Shareholder Capital and Additional Dividends, credited to shareholders in tax year 2016, for the gross amount of BRL 297,585, that net of Income Tax Withheld at the Source represented BRL 281,471, and by 30/Jun/2017, The amount of BRL 272.909 had been settled.

The Management Council approved, based on the 6th/2017 Ordinary Meeting of the Management Council on 13 June 2017, credit of Interest on Shareholder Capital, at a ratio of 50%, addressing the legal limit of the variation of the TJLP for the period, based on the results raised for the 1st semester 2017. Gross amount of Interest on Shareholder Capital, calculated for the first semester 2017, was of BRL159,510, with the amount of BRL 13,654 being Withheld as Income tax Withheld at the Source. This credit generated a tax saving of BRL 54,233.

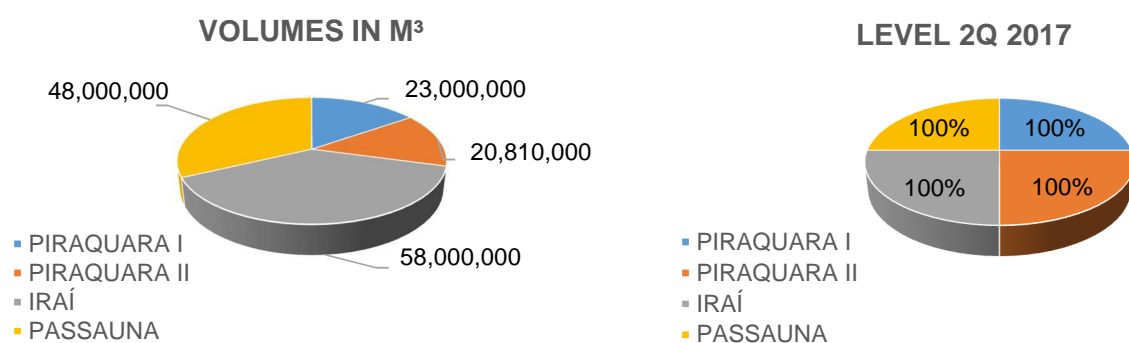
WATER VOLUMES

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.

To supply the Municipality of Ponta Grossa, Sanepar has been authorized to use the water from the Alagados Capture Dam belonging to Companhia Paranaense de Energia – Copel.

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.



LARGEST CONCESSIONS

10 Largest Contracts (53.7% of Total Revenue)					Coverage Index		Total economy gains ('000)	
Municipalities	% total revenue	Remaining concession term	Typo of concession	Type of Contract	Water	Sewage collection	Water	Sewage
Curitiba	24.5%	14.5 years	Water and Sewage	Concession	100%	94.3%	793.1	748.4
Londrina	7.2%	29.0 years	Water and Sewage	Program	100%	89.9%	235.6	215.4
Maringá	5.1%	23.2 years	Water and Sewage	Concession	100%	98.7%	161.2	159.7
Ponta Grossa	3.6%	8.8 years	Water and Sewage	Concession	100%	89.9%	135.5	120.8
Foz do Iguaçu	3.3%	26.6 years	Water and Sewage	Program	100%	75.1%	104.9	79.9
Cascavel	3.4%	7.74years	Water and Sewage	Concession	100%	96.8%	117.8	116.4
São José dos Pinhais	2.8%	26.5 years	Water and Sewage	Program	100%	67.6%	104.9	70.8
Colombo	1.8%	Expired	Water and Sewage	Concession	100%	59.6%	78.4	47.9
Guarapuava	1.6%	25.3 years	Water and Sewage	Program	100%	77.1%	61.6	48.3
Araucária	1.4%	15.3 years	Water and Sewage	Concession	100%	62.0%	47.2	29.2
					100%	69.8%	3,790.3	2,686.9

Through municipal concession agreements, the Company provides services of treatment and distribution of water and collection and treatment of sewage. Contract terms require renewals at average terms of 20 to 30 years. Out of the total 346 municipalities serviced, approximately 5.5% of contracts are currently

being renewed for having expired, 17.6% expire between 2017 and 2026 and 76.9% have been renewed and expiries being starting in 2027. For the cases where concessions were not renewed, on their expiry, municipalities must refund the Company residual amounts for the assets in connection with the concession.

Number of Water and Sewage Connections

CLASSES	Water			Sewage		
	2Q17	2Q16	Var %	2Q17	2Q16	Var %
RESIDENTIAL	2,786,613	2,736,994	1.81	1,803,913	1,712,329	5.35
COMMERCIAL	209,260	200,870	4.18	158,631	149,401	6.18
INDUSTRIAL	12,348	12,396	(0.39)	4,885	4,707	3.78
PUBLIC ADMINISTRATION	22,703	22,188	2.32	13,669	12,833	6.51
PUBLIC AGENCIES	25,860	25,701	0.62	13,120	12,528	4.73
TOTAL	3,056,784	2,998,149	1.96	1,994,218	1,891,798	5.41

Water and Sewage Volume Invoiced by use category in m³

CLASSES	Water			Sewage		
	2Q17	2Q16	Var %	2Q17	2Q16	Var %
RESIDENTIAL	118,637,519	124,116,127	(4.41)	84,315,519	85,077,886	(0.90)
COMMERCIAL	11,510,191	11,940,522	(3.60)	10,181,530	10,308,636	(1.23)
INDUSTRIAL	2,738,844	2,873,473	(4.69)	726,993	756,334	(3.88)
PUBLIC ADMINISTRATION	1,307,545	1,388,360	(5.82)	973,856	976,222	(0.24)
PUBLIC AGENCIES	5,025,221	5,047,296	(0.44)	3,650,070	3,555,606	2.66
TOTAL	139,219,320	145,365,778	(4.23)	99,847,968	100,674,684	(0.82)

CORPORATE GOVERNANCE – B3

Since 21 December 2016, the Company joined Level 2 Corporate Governance by signing for B3 the Level 2 Participation Contract. The special B3 share market segment called Level 2, regulated by the appropriate Regulations (Level 2), which establishes stricter corporate governance rules than the ones found in Brazilian Corporate Legislation, in particular with respect to transparency and protection for minority shareholders. The Company's ordinary and preferential shares are now listed and traded in this special segment.

In addressing Level 2 B3 Corporate Governance a Corporate Governance Commission was established and the Audit Committee, the Referral and Assessment Committee are also currently in the implementation stages. The Company Administration Council also now has two independent members appointed by minority shareholders, thereby addressing current legislation.

MEETING MARKS SANEPAR JOINING THE SUSTAINABLE LEADERSHIP PLATFORM

Sustainability and focus. Promoted by consultants Ideia Sustentável, the Líder 2030 Talks meeting brought together on June 27, at Teatro Vivo, in São Paulo, around 400 professionals interested in

building viable companies and institutions in order to face a future of scarcity. The event is part of the activities of the Sustainable Leadership Platform – entrepreneurial movement led by journalist Ricardo Voltolini, that seeks to connect and inspire young leaders in sustainability.

Represented at the Líder 2030 Talks, Companhia de Saneamento do Paraná - Sanepar formalized its joining the project, becoming the country's first sanitation company to join the Sustainable Leadership Platform. The Company's Environment Director said that "Sanepar's participation in the event means a definite milestone in making true our statement that sanitation companies are, in reality, environmental companies with a calling for sanitation", "It also places us at the center of the national debate on sustainability, and now about business with values".

SANEPAR PASSES ON EXPERIENCE WITH THE STATE OWNED COMPANIES IN FORCE FOR A YEAR

Presidents of state sanitation utility companies of all Brazil met on June 28 in Curitiba for the regular meeting of the Brazilian Association of State Sanitation Utility Companies - AESBE in Curitiba. They also learned about the Companhia de Saneamento do Paraná - Sanepar experience in complying with Law no. 13,303/2016, the State Owned Companies Law that on 30 June completed a year in force. Sector representatives also visited the facility of the power generation plant using sewage sludge. The group went to the Belém Sewage Treatment Station, site where CS Bionergia, the company that will transform the sludge generated by the treatment of sewage in that station and organic waste into electric energy, is being installed. CS's will have capacity to generate 2.8 MW of energy, enough to supply 2,100 consumer units or 8,400 people. The investment in the unit, that starts operating in 2017, is of BRL 60 million.

By joining Level 2 of B3 and the enactment of Law no. 13,303/16, Sanepar adopted new corporate governance practices. Law no. 13,303, also known as the State Owned Companies Law, disciplines the legal framework for public or mixed economy companies that explore the economic activity of production or marketing of goods or delivery of public services. In addressing the Law, SANEPAR has established the Corporate Governance Advisory Service (Assessoria de Governança Corporativa - AGC), to, among other functions, advise governance agencies and agents, disclose governance guidelines, perform control of referrals and demands, develop policies and internal rules, act in dealing with management, risk and internal controls mechanisms.

SANEPAR IS THE ONLY ONE FROM THE SANITATION SEGMENT AT THE INNOVATION VALUE BRAZIL 2017 AWARD

Company, the best state owned company from Paraná in the ranking, has 100 research projects underway

Companhia de Saneamento do Paraná - Sanepar is the only representative of the basic sanitation sector in the innovation value Brazil 2017 award, published on July 4. In addition, SANEPAR is the best place state owned company from Paraná out of the 150 most innovative companies in Brazil.

Of the 18 sectors under evaluation, Sanepar stands out in third place in the Top 5 in the Services sector. In the overall ranking, the company placed 86th, with a significant progress with respect to the previous ranking, when it placed 119th. Among the eight organizations from Paraná present in the ranking, SANEPAR is the fourth most innovative.

According to the Innovation Value Yearbook, which publishes the ranking prepared by the Valor Econômico newspaper in partnership with PwC consultants, SANEPAR “targets its investments according to the strategy of establishing a direct relationship between innovation and sustainability.”

The Company president states that the objective, of investing in research and development (R&D), is to “promote initiatives that may bring improvements to the operation and ensure competitive and strategic advantages.” According to him, currently there are over 100 initiatives underway looking for sustainable and innovative technological solutions for the main company processes: water, sewage, urban solid waste, energy and management.

The standouts among the over 100 research, development and innovation projects underway are the program for energy efficiency at SANEPAR and the industrial water supply projects (S3A3); the desalinization and brackish water treatment and use of the biogas generated during sewage treatment. Most of the research is carried out at SANEPAR’s Sustainable Technology Center (CETS).

The President reiterates that, in the last two years, 43 technical products subject to application by the Company were generated, “making it a national reference in some of the topics researched.” Among these, is the destination of the sewage sludge generated in the treatment stations. In 2016, 25.4 thousand tonnes of hydrolyzed sludge were sent for agricultural recycling as fertilizer in different crops, in the 36 farms, for a total of 1867 hectares.

REGULATION – FIRST PERIODIC TARIFF REVIEW

The First Periodic Tariff Review (Revisão Tarifária Periódica – RTP) started in 2014, with the request for establishment made by Aguasparaná, at the time the regulatory agency. This process was concluded through Resolution no. 003 of 12 April 2017, published by AGEPAR approving Final Technical Note 001/2017 containing the Tariff Repositioning, Deferment and Tariff Restructuring to be adopted by Sanepar.

The tariff repositioning index approved was of 25.63% deferred in 08 years with the first installment of 8.53% applied in 2017 and the others with an index of 2.11% plus the difference between the Required and Actual revenues subject to the appropriate financial correction using the SELIC (Sistema Especial de Liquidação e Custódia) rate. Starting on 01 June 2017, bills issued already addressed the repositioning percentage defined for the year.

Likewise for the deployment of the tariff restructuring that changed the minimum tariff to a corresponding volume of 5m³ (five cubic meters) and the consequent adjustments, as well as performing all the increments in the consumption bands. It is important to highlight that the requirements and benefits for the Social Tariff were maintained.

GENDER EQUALITY AT SANEPAR

The Gender Equality Policy, approved in March of this year, targets promoting continually the equality in genders in social and work relations, and ensures equal opportunities among men and women, in addition to reinforcing the Company’s image as a company committed to public policies and sustainable development.

In the month of May, training was provided to qualify facilitators with massive participation of professional from all the regions of the state around the topic, with the objective of establishing an action plan.

The topic is also present in the distance education course for the Code of Conduct and Integrity of the Company, approved in May by the Management Council.

Sanepar's Gender Quality Committee intends to refine the action plan applying five priority axis:

1) The Program, 2) Indicators and Targets, 3) Disclosure, 4) Training and 5) Organizational Environment.

COMPANY PROFILE

Established in the 1960s, and today one of the largest companies in operation in the State, Companhia de Saneamento do Paraná - Sanepar is a mixed economy, open capital venture, controlled by the State of Paraná. The company provides services in supply of treated water, collection and treatment of sewage and solid waste management.

Responsible for providing basic sanitation services in 345 cities in Paraná and another 291 localities of smaller size, in addition to Porto União, municipality in the state of Santa Catarina, the company has a network of 85.6 thousand kilometers of mains used for capture, distribution of drinking water, collection of sewage and disposal of the treated effluent. In the solid waste segment, the company runs sanitary landfills in the cities of Apucarana, Cornélio Procópio and Cianorte – the latter also addressing the Municipalities of São Tomé, Terra Boa, Guaporema and Indianópolis.

With headquarters in Curitiba (PR) and a work force comprised of over 7 thousand employees, Sanepar is a reference in the country for basic sanitation. The Company offers a universal water supply mains in every municipality addressed. In the sewage segment, the Company achieves a treatment rate of 100% of the sewage collected before disposing it into water bodies.

Investments in maintaining excellence in activity are ongoing. In the first quarter 2017, the Company targeted BRL 315.7 million 58.6 thousand new water connections and 102.4 thousand sewage connections were also put in place.

The Company also has a 40% shareholding interest in CS Bioenergia S.A., specific purpose Corporation established with Cattalini Bioenergia to explore production of energy based on sewage treatment sludge, at the bio-digestion unit located next to the Belém STS, in Curitiba. CS Bioenergia's activities will address the National Solid Waste Policy (PNRS), acting on the streams of non-generation/reduction, reuse, treatment and disposal of waste.

The Company prides itself in the equity of treatment given to the different audiences in strategic decision making. In order to provide for this, through its By-Laws, the Company ensures that the composition of the different instances are divided in a fair manner among the representatives of the two shareholder segments – majority and minority. Financial and economic items, including concession contracts, are analyzed by the Technical Committee, which supports senior management. All information is subjected to internal and external audits. Sanepar is also attentive to risks that may adversely affect the Company. To this end, the Company maintains the practice continual business hazard identification and mitigation.

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FINANCIAL STATEMENT	2Q2017	2Q2016
ASSET		
CURRENT		
Available	10,814	13,089
Financial Investments	440,045	62,527
Accounts Receivable from Customers, Net	564,199	553,808
Operating inventory	36,151	35,515
Taxes and Contributions to Recover	22,878	24,756
Linked Deposits	9,451	10,752
Expenses paid in advance	6,067	12,028
Other Accounts receivable	57,691	21,363
TOTAL CURRENT	1,147,296	733,838
NON CURRENT		
Long Term Realizable	875,885	719,993
Linked Deposits	47,881	33,210
Accounts Receivable from Customers, Net	11,153	10,160
Taxes and Contributions to Recover	796	720
Income Tax and Social Contribution Deferred	409,499	340,710
Court Deposits	175,009	138,307
Contractual Financial Assets	187,859	152,513
Advanced Expenses	42,955	43,640
Other Credits Receivable	733	733
Investments	21,334	12,179
Intangible, net	7,383,837	6,935,559
Fixed, net	131,447	135,539
TOTAL NON CURRENT	8,412,503	7,803,270
TOTAL ASSETS	9,559,799	8,537,108

FINANCIAL STATEMENT	2Q2017	2Q2016
LIABILITIES		
CURRENT		
Contractors and Suppliers	120,388	132,123
Salaries and Social Charges	211,985	166,343
Taxes and Contributions	53,740	39,498
Loans, Financing and Debentures	478,318	353,940
Dividends and Interest on Share Capital	155,869	143,494
Concession Contracts	7,620	7,309
Contract Bails and Retentions	2,318	3,091
Income Tax and Social Contribution Deferred	-	-
Provision for Tax Contingencies	-	-
Pension and Medical Insurance Plans	56,676	50,931
Revenues to Accrue	4,200	2,167
Bonds Payable	-	-
Other Accounts Payable	38,512	62,071
TOTAL CURRENT	1,129,626	960,967
NON CURRENT		
Loans, Financing and Debentures	2,137,633	2,058,164
Concession Contracts	86,542	91,360
Taxes and Contributions	1,385	1,469
Income Tax and Social Contribution Deferred	-	-
Provisions	533,294	427,322
Pension and Medical Insurance Plans	793,465	713,030
Revenues to Accrue	15,400	-
Programs Linked to ANA	5,169	4,677
Bonds Payable	-	-
Credits for Capital Increases / Related Party	-	-
TOTAL NON CURRENT	3,572,888	3,296,022
NET EQUITY		
Share Capital	2,847,664	2,597,360
Capital Reserves	-	-
Equity Assessment	177,894	175,061
Adjustments to Equity Assessment	10,008	11,850
Reassessment Reserves	84,424	89,995
Other Comprehensive Results	83,462	73,216
Profit Reserves	1,631,145	1,294,521
Result for Tax Year	200,582	213,177
TOTAL NET EQUITY	4,857,285	4,280,119
TOTAL LIABILITIES	9,559,799	8,537,108

P&L STATEMENT	2Q17	2Q16	%
Gross Sales and/or Service Revenues	978,336	941,949	3.9
Deductions from Gross Revenue	(69,489)	(65,877)	
Net Sales and/or Service Revenues	908,847	876,072	3.7
Cost of Goods and/or Services Sold	(383,390)	(350,532)	
Gross Result	525,457	525,540	
Operating Expenses/Revenues	(302,544)	(281,299)	
Commercial	(91,730)	(58,527)	
General and Administrative	(170,085)	(148,621)	
Financial	(39,232)	(42,808)	
Financial Revenues	26,921	13,928	
Financial Expenses	(66,153)	(56,736)	
Interest on Financing	(48,142)	(44,981)	
Monetary Variations	(18,011)	(11,755)	
Pension and Medical Insurance Plans	(26,952)	(25,499)	
Other Revenues (Expenses) Financial and Tax	(255)	(1,744)	
Provision for Contingencies	(25,710)	(4,100)	
Other Operating Revenues	(1,301)	(2,085)	
Operating Result	221,612	242,156	-8.5
Result before Taxes and Contributions	221,612	242,156	
Provision for Income Tax and Social Contribution	(24,752)	(33,080)	
Period Profit/Loss	196,860	209,076	-5.8
TOTAL SHARES	503,735,173	476,620,206	

CASH FLOW	2Q17	2Q16
CASH FLOW FOR OPERATIONAL ACTIVITIES	685,197	601,390
Net Profit for the Period	356,914	353,358
Result to Availability Conciliation Adjustments		
Depreciation and Amortization	117,698	104,918
Cost of Fixed and Intangible Write Offs	1,915	1,836
Reversal of Investment Write Offs	-	-
Losses in Realization of Credits	12,996	7,154
Adjustment to Asset Recoverable Value	(222)	(227)
Adjustment to Present Value of Financial Asset	(3,534)	(19,543)
Income Tax and Social Contribution Deferred, net	(35,502)	(2,697)
Provisions	26,718	(36,101)
Pension and Medical Insurance Plans	54,213	50,998
Interest on Financing	123,378	111,923
Monetary Variation on Financing	27,430	28,274
Accrual of Costs in Attracting Third-party Funds	421	71
Result of equity Equivalence	658	1,426
Adjustment at Fair Value - Investments	2,114	-
Reduction (Increase) of Operating Assets	(59,959)	(123,093)
Accounts Receivable from Customers	(17,845)	(84,105)
Taxes and Contributions Recoverable	16,107	4,037
Inventory	571	147
Court Deposits	(18.567)	(5.413)
Other Accounts Receivable	(40.225)	(37.759)
Reduction (Increase) of Operating Liabilities	36,869	36,654
Contractors and Suppliers	(13,117)	6,719
Concession Contracts	(2,764)	502
Contract Bails and Retentions	(20)	407
Taxes and Contributions	(23,123)	(17,681)
Salaries and Charges Payable	54,606	26,058
Revenues to Accrue	19,058	(1,625)
Bonds Payable	-	(3,087)
Other Accounts Payable	2,229	25,361
Net Availability from Operating Activities	662,107	514,951
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments		
Availability Net of Investment Activities	(327,661)	(346,913)
CASH FLOW FROM FINANCING ACTIVITIES		
Availability Net of Financing Activities	(521,917)	(256,219)
INCREASE (REDUCTION) IN CASH AND EQUIVALENT BALANCES	(187,471)	(88,181)
At beginning of period	638,330	163,797
At end of period	450,859	75,616