

## Heritage posts \$2.3b pre-tax profit for 2024

HERITAGE Petroleum Co Ltd, the State-owned oil and gas company, posted a pre-tax profit of \$2.3 billion for the year ended September 30, 2024, up \$128.2 million from a year earlier, according to its audited results published in a newspaper yesterday.

And according to the results after paying \$1.36 billion in taxes for the year, Heritage posted a profit of \$940.3 million, down from \$1.48 billion in 2023.

Heritage chairman Michael Quamina said the latest tax payment brought the company's total contribution to the country's coffers to \$14.75 billion.

'Heritage achieved a profit before tax of \$2.30 billion (2023: \$2.18 billion), marking a 6% increase from the previous year. We met all commitments to investors while paying \$2.95 billion in royalties, levies and other taxes to the Government of the Republic of Trinidad and Tobago. As at 30 September 2024, since inception, the Company has contributed \$14.75 billion to the Government in royalties, levies, and other taxes. Heritage maintained another strong financial performance in 2024,' Quamina stated in his chairman's statement.

According to the audited financial statement, Heritage's revenue from contracts with customers totalled \$8.2 billion for the year, down from \$9.1 billion in 2023.

Revenue for 2024 comprised \$7.76 billion from crude oil sales, \$168.8 million from natural gas sales, \$305 million in royalty income, and \$11 million from natural gas liquids sales.

'Overall, Molo crude revenue increased both in volumes and price. However, this was offset by the decrease in traded cargo volumes. Molo's crude revenue increased by 8% year-on-year as the heavy crude market strengthened. Gross profit margin increased from 28% in 2023 to 37% in 2024 as we lowered costs, improved margins and reduced activity in high-cost fields,' Quamina stated.

Quamina said Heritage's capital expenditure rose 23% to \$1.08 billion, up from \$880 million in 2023.

He said the increase reflected continued investment in production, asset integrity, developmental drilling, infrastructure, and technology.

Heritage also paid \$1.2 billion in principal and interest, meeting all legacy debt commitments for the Trinidad Petroleum Holdings Ltd (TPHL) Group of Companies, Quamina stated.

He said to date Heritage has repaid \$8 billion towards the legacy debt.

'In 2024, Heritage Petroleum Company Ltd maintained healthy financial and operational results and continues to drive improved recovery in its assets through technology and modernisation. Heritage successfully drilled and completed eight wells in our onshore and offshore fields. Offshore, we significantly reduced the time from drilling to production, underscoring our commitment to being Bigger, Bolder and Faster, Quamina stated. 'Heritage's cost discipline and fiscal practices have enabled us to cover operational costs, capital investments, as well as fulfil all financial obligations, including taxes and loan repayments. In summary, fiscal year 2024 was another strong year for the Company, further demonstrating it to be a sustainable source of production and value for Trinidad and Tobago,' he stated.

Quamina said that Heritage's Reserve Replacement Ratio (RRR) increased by 8%, from 65% in 2023 to 73% for 2024.

'The Reserves to Production Ratio (R/P) is 7.5 years, and we expect RRR and R/P to continue to increase in the coming years based on planned activities for both our onshore and offshore assets. Heritage's five year average RRR is 107%, surpassing the five year average last year for Global International Oil Companies, which was 73%, Quamina stated.

**Higher output with new wells planned** Quamina stated that Heritage continued to average approximately 40,000 barrels of oil per day.

'East Soldado remains a key area to drive production and growth. We have several new wells producing in this area, and we are targeting four similar wells in 2025. In addition, we are exploring new areas, extending existing field outlines, and drilling untapped areas within our existing fields. We continue to renew and modernise our infrastructure to minimise down time and improve base performance, helping drive future production growth,' Quamina stated.

Quamina stated that to grow production, Heritage intends to continue drilling new wells, both onshore and offshore, 'while improving field performance through production optimisation initiatives, including state-of-the-art technology.'

'We continue to invest in high-margin opportunities for sustainable growth by planning at least twelve new wells and related works in fiscal year 2025 to boost output, improve recovery, and extend field life. With remote monitoring technology, we expect to continue to enhance onshore and offshore well uptime and reduce lifting costs,' Quamina stated.

Quamina stated that with six years of strong performance, Heritage is positioned for longterm success in the 'ever-evolving energy landscape.'

'Our strategy of disciplined cost management, prioritising high-margin opportunities, upgrading our portfolio, and driving sustainable operations will continue to deliver strong results for the Company and for all of Trinidad and Tobago,' he stated.

'Additionally, we are evaluating new licence opportunities and extending our core licences to include deeper potential. Asset integrity projects are also progressing to maintain the safety, reliability, and efficiency of our operations. This includes regular maintenance, renewals and replacements, and the application of cutting-edge technologies to prevent failures and extend asset life,' Quamina stated.