



Targa Resources Corp.

Investor Presentation

November 2021



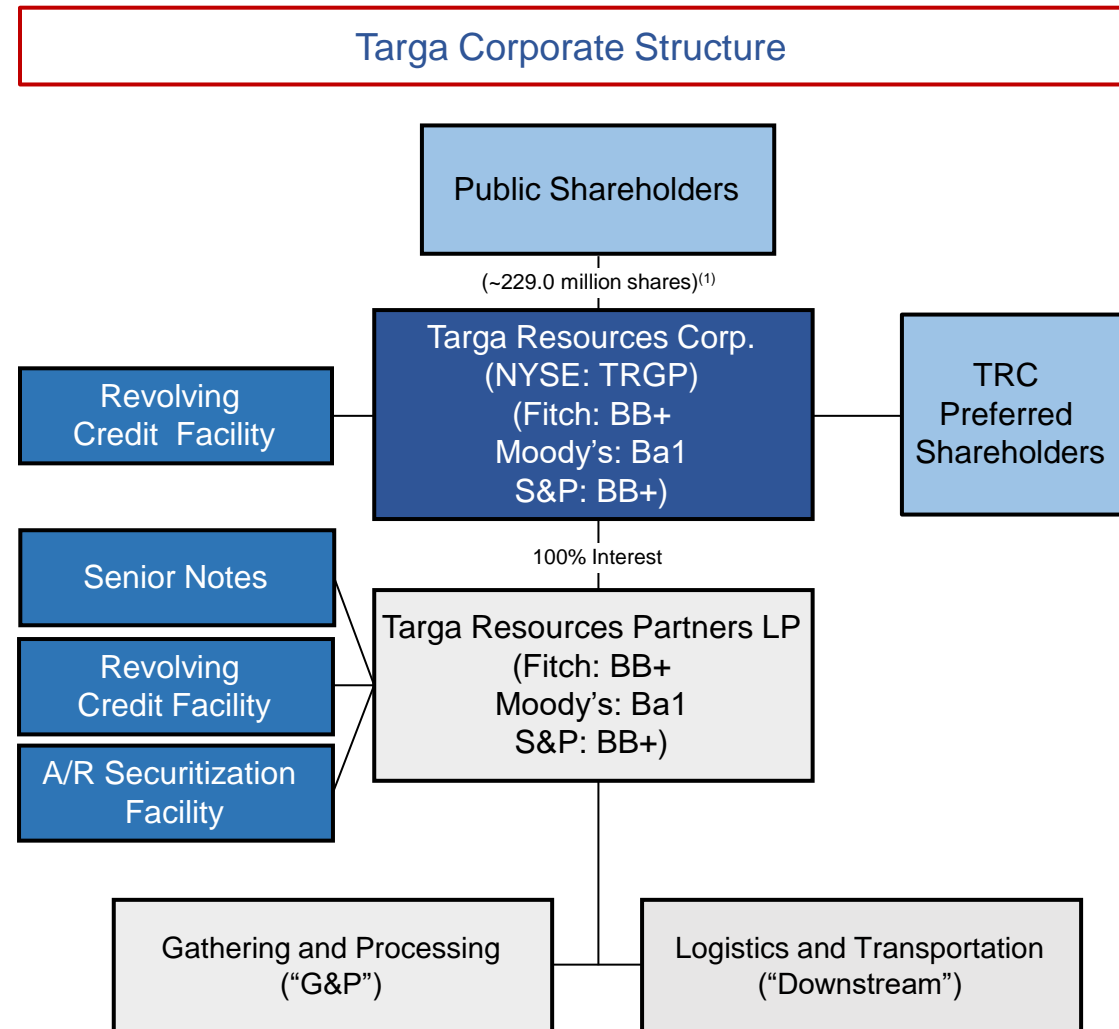


Forward Looking Statements and Corporate Structure

Certain statements in this release are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, are forward-looking statements.

These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside the Company’s control, which could cause results to differ materially from those expected by management of the Company. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including a decline in the price and market demand for natural gas, natural gas liquids and crude oil, the impact of pandemics such as COVID-19, actions by the Organization of the Petroleum Exporting Countries (“OPEC”) and non-OPEC oil producing countries, the timing and success of business development efforts, and other uncertainties.

These and other applicable uncertainties, factors and risks are described more fully in the Company’s filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K, and any subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. The Company does not undertake an obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



(1) Common stock outstanding as of October 29, 2021.



Premier Midstream Infrastructure Company

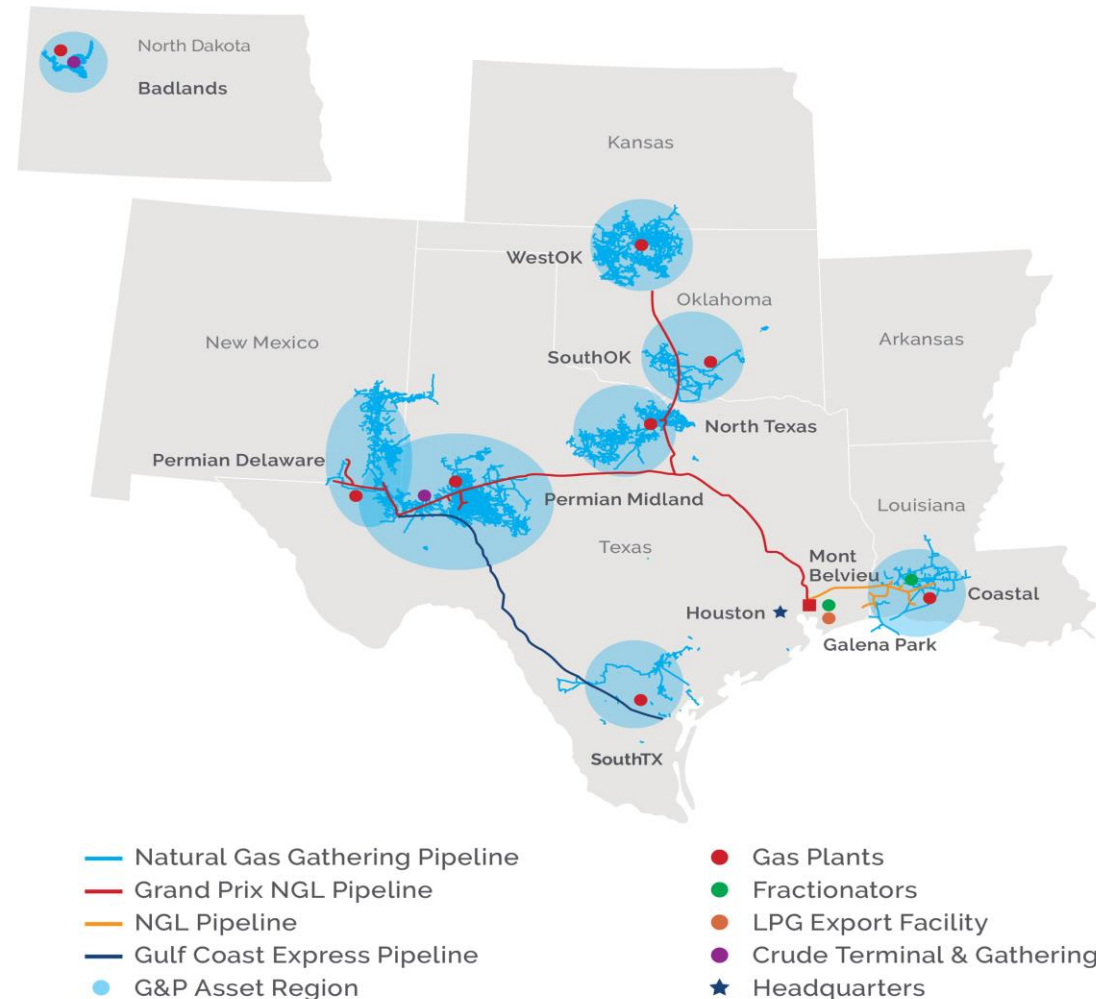
Integrated assets that connect natural gas and NGL supply to domestic and international demand markets

Substantial natural gas gathering and processing in multiple basins
43 natural gas processing plants
~8.5 Bcf/d gross processing capacity

Grand Prix NGL Pipeline connects G&P volumes to Mont Belvieu fractionation and export assets

Premier NGL fractionation footprint in Mont Belvieu
9 fractionation trains
813 MBbl/d gross fractionation capacity⁽¹⁾

Superior connectivity to U.S. petrochemical complex and top-tier LPG export facility⁽²⁾
~12.5 MMBbl/month effective working capacity

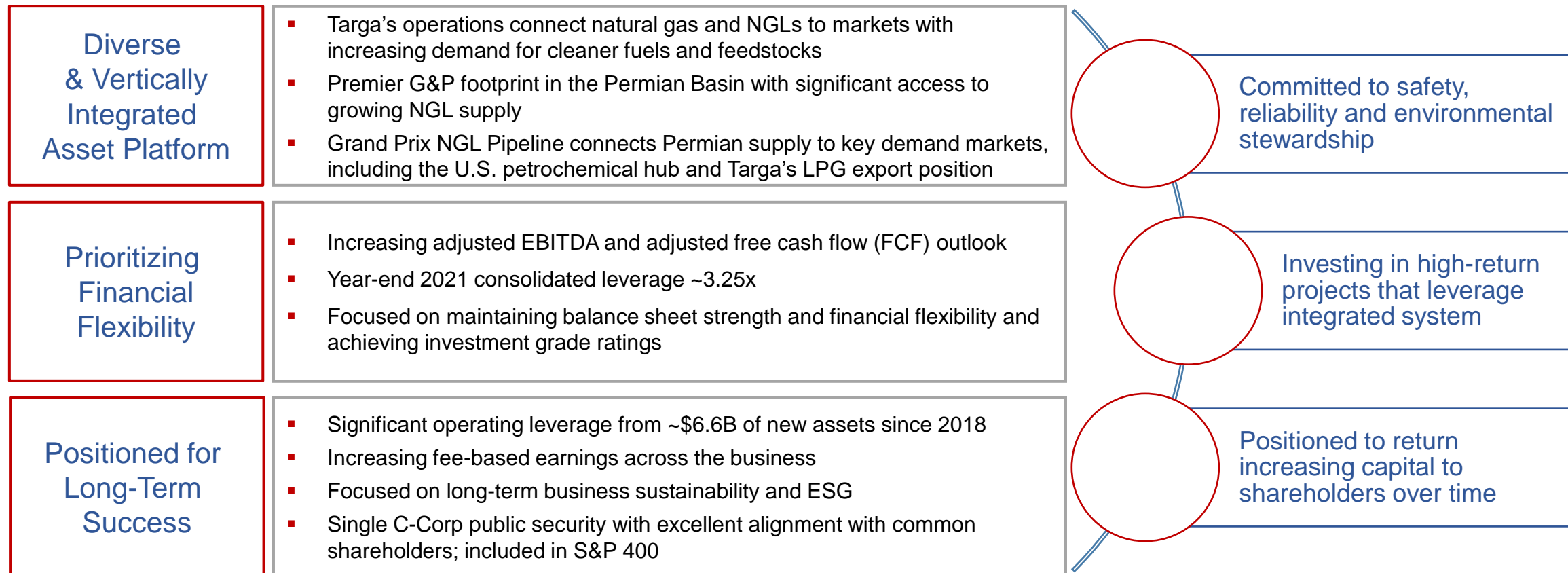


(1) Includes 40 MBbl/d of back-end capacity and does not include Targa's equity interest in GCF; GCF facility was idled in January 2021 but is available for reactivation subject to prevailing market conditions and agreement with our partners.
 (2) Connected to Mont Belvieu, the U.S. NGL hub, which handles the majority of U.S. NGLs. Export facility has an effective working capacity of 12.5 MMBbl/month, and this capability is dependent on the mix of propane and butane demand, vessel size and availability of supply, among other factors.

Strategic Outlook



2021 adjusted EBITDA now expected to exceed top end of \$1.9 - \$2.0 billion range; year-end leverage now estimated ~3.25x



Capital Allocation Strategy



Maintain Strong Balance Sheet

- In 2021, prioritizing adjusted free cash flow to reduce leverage; year-end leverage estimated ~3.25x
- Significant adjusted EBITDA growth expected in 2022
- Preserving balance sheet strength and financial flexibility is a priority going forward



Simplify Capital Structure

- Expect to repurchase DevCo JV⁽¹⁾ interests in January 2022
- Plan on beginning to redeem Series A preferred stock after redemption price steps down in March 2022



Invest in Accretive Growth Opportunities

- Continuing to invest in attractive, high-returning growth projects that leverage Targa's integrated asset footprint
- Significant operating leverage across Logistics & Transportation assets – minimal spend required



Provide Attractive Common Dividend with Growth

- Plan to recommend common dividend increase to \$1.40 per share annualized⁽²⁾
- \$1.40 per share represents ~30% of estimated 2021 adjusted FCF
- Competitive yield to members of S&P 400/500
- Expect modest dividend growth annually



Return Additional Capital to Shareholders

- In position to opportunistically repurchase common stock under existing \$500 million Share Repurchase Program

(1) Targa Development Company Joint Ventures.

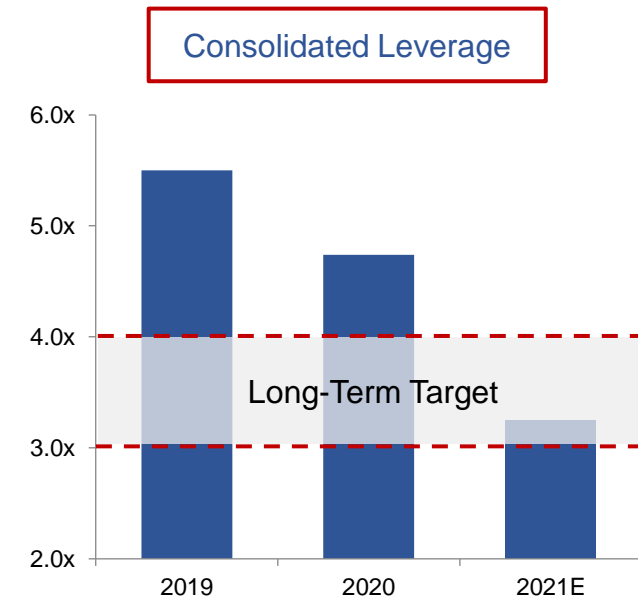
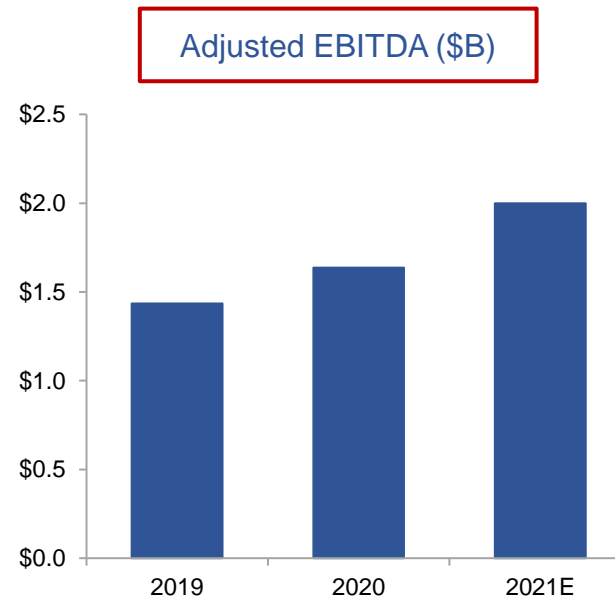
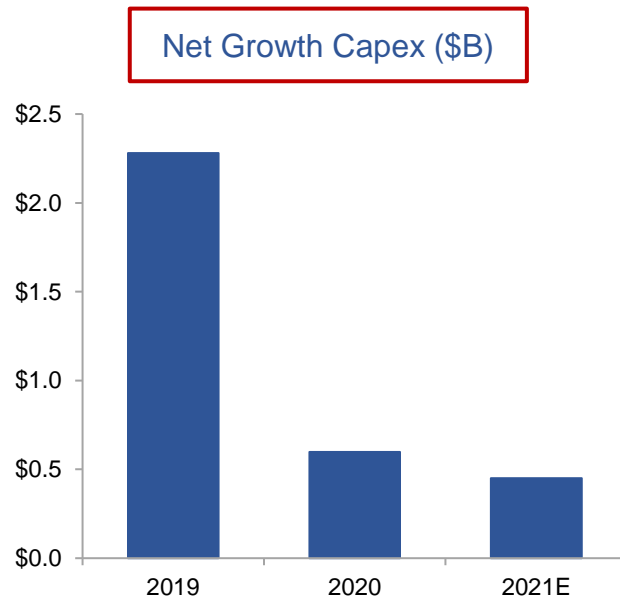
(2) For 4Q21, Targa intends to recommend to its board of directors an increase to its common dividend to \$0.35 per common share or \$1.40 per common share annualized. The initial recommended common dividend per share increase is expected to be effective for 4Q21 and payable in February 2022.



FCF Profile Drives Longer Term Financial Flexibility

Maintaining balance sheet strength and financial flexibility over the long-term remain a key priority

- Well positioned to return incremental capital to shareholders over time
- Strong business performance and embedded operating leverage driving adjusted EBITDA growth and robust FCF generation
- Available liquidity of ~\$3.1 billion⁽¹⁾ with nearest senior note maturity in 2026

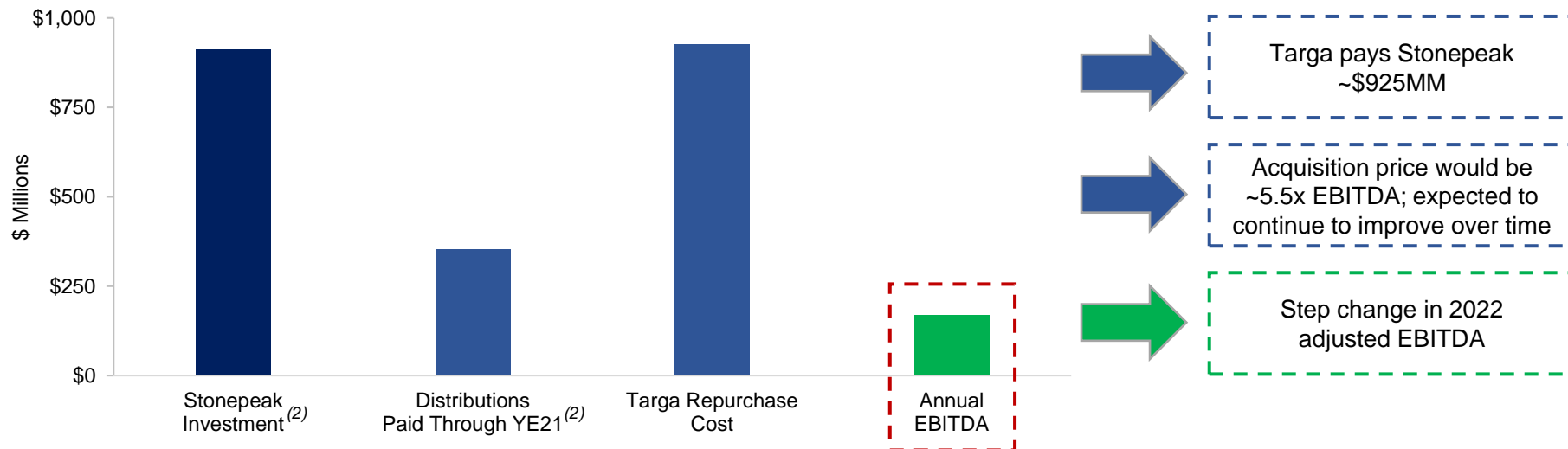


Targa Development Company Joint Ventures (“DevCo JVs”)



Repurchasing the DevCo JV interests would provide additional EBITDA growth in 2022 at an attractive multiple

- FY2021 adjusted EBITDA estimate does **not** include **any** EBITDA associated with Stonepeak’s DevCo JV interests⁽¹⁾; acquisition of Stonepeak’s DevCo interests would result in a significant step-up in adjusted EBITDA
- In February 2018, Targa executed DevCo JVs with Stonepeak Infrastructure Partners to support the development of three key fee-based downstream assets, with Targa retaining the option to re-acquire Stonepeak’s DevCo interests at a predetermined fixed rate
 - Repurchase price is based on the higher of a predetermined multiple on invested capital (MOIC) or fixed return (IRR), including distributions received by Stonepeak from the DevCo JVs; repurchases can be done in a single tranche or in multiple tranches
- DevCo JV assets include a 20% interest in Grand Prix NGL Pipeline, a 25% interest in Gulf Coast Express Pipeline and a 100% interest in Fractionation Train 6
- Targa expects to repurchase the DevCo JV interests in January 2022 for ~\$925 million.



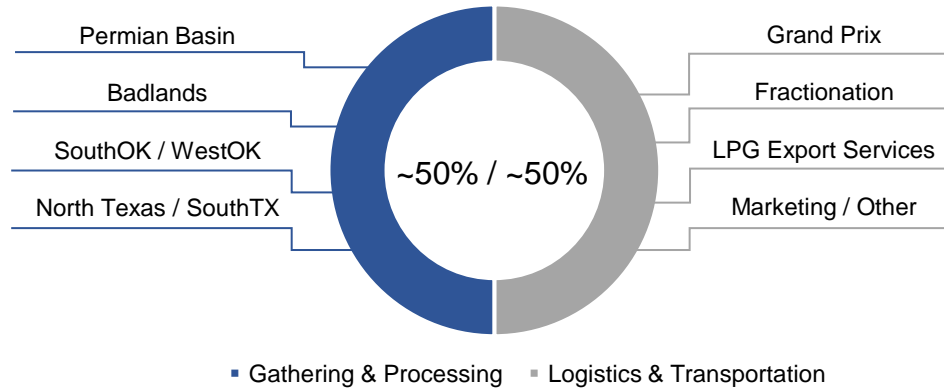
(1) Targa adjusted EBITDA presented on a net basis; current EBITDA from DevCo JV is deducted through non-controlling interest.
 (2) ~\$912 million of total Stonepeak capital invested as of December 31, 2020; Stonepeak has received quarterly distributions since the assets were placed in-service and the estimated distributions through Q4 2021 are included in the representative summary.



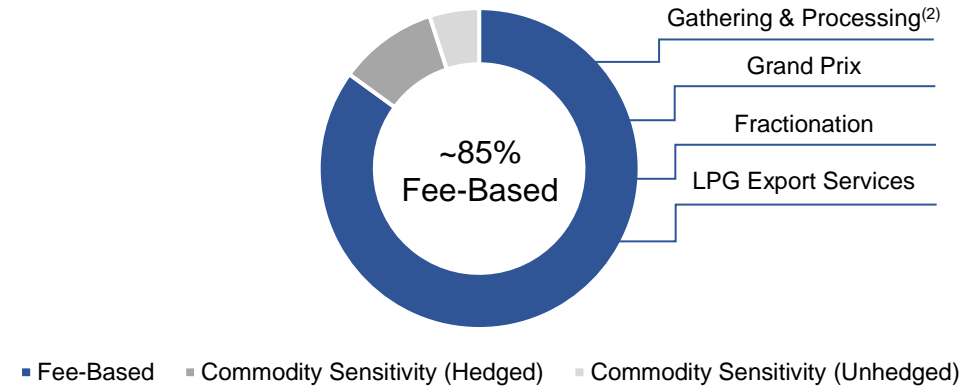
Integrated Platform Supports Fee-Based Profile

Durable earnings power from significant fee-based margin across Targa businesses

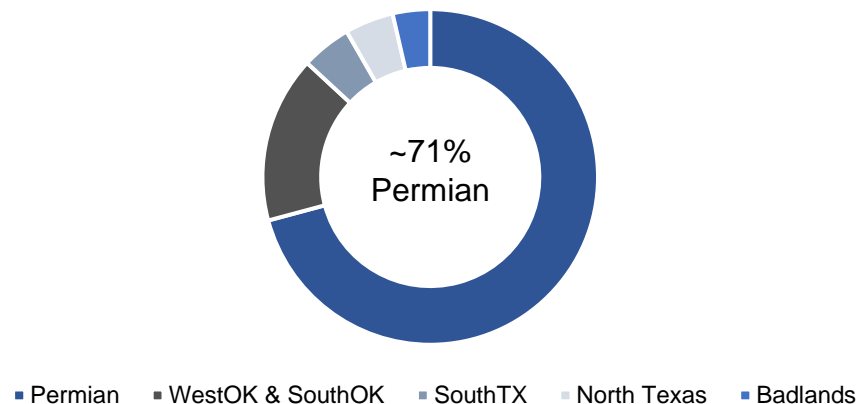
Segment Business Mix 2021E⁽¹⁾



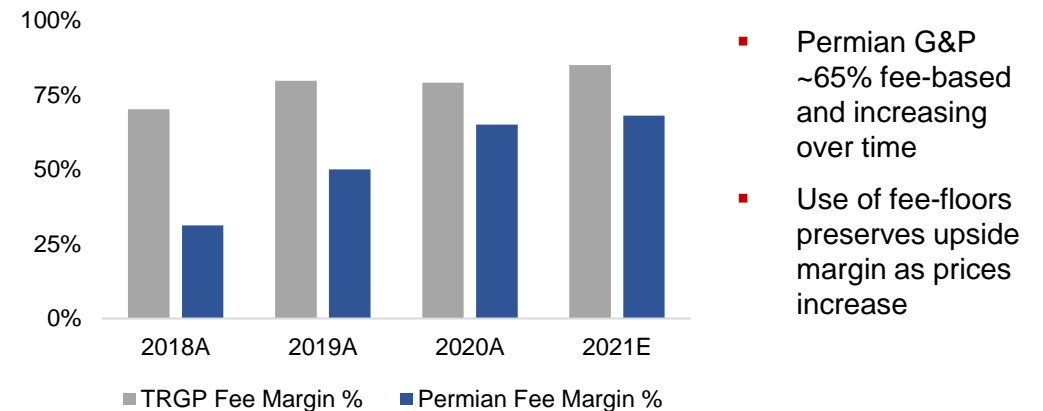
Fee-Based Profile 2021E⁽¹⁾



Targa G&P Plant Natural Gas Inlet Volume Mix⁽³⁾



Fee-Based Margin Trend



(1) Segment business mix and fee-based profile based on fully consolidated 2021E adjusted operating margin and adjusted gross margin, respectively, including 100% interest in Badlands.
 (2) Fee-based margin in Gathering & Processing segment includes Badlands (fully consolidated adjusted operating margin), SouthOK, SouthTX and significant portions of Permian Delaware, Permian Midland, and WestOK.
 (3) Based on average inlet for nine months ended 9/30/2021; Targa Badlands also includes significant crude infrastructure position.

Risk Management

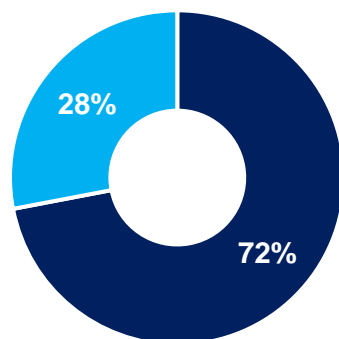


Hedging program and credit risk management framework further strengthens cash flow stability

2021 Hedges			
Commodity	Volumes Hedged ⁽¹⁾	Exposure Hedged (%) ⁽¹⁾	Wtd. Avg. Hedge Price
Natural Gas (MMBtu/d)	150,511	~95%	\$1.95
NGLs ⁽²⁾ (Bbl/d)	35,777	~90%	\$0.54
Condensate (Bbl/d)	5,779	~95%	\$54.82

2022 Hedges			
Commodity	Volumes Hedged ⁽¹⁾	Exposure Hedged (%) ⁽¹⁾	Wtd. Avg. Hedge Price
Natural Gas (MMBtu/d)	131,314	~85%	\$2.22
NGLs ⁽²⁾ (Bbl/d)	30,647	~75%	\$0.48
Condensate (Bbl/d)	4,790	~75%	\$54.45

Revenue from Top 25 Customers⁽³⁾



■ Non-IG or Non-LC Backed ■ IG or LC Backed

- ▶ ~72% of revenue from top 25 customers is investment grade (“IG”) or backed by a Letter of Credit (“LC”)
- ▶ Top 25 customers represent ~70% of total revenue

Revenue from Top 25 Customers⁽³⁾

- **Gathering & Processing**
 - ▶ Targa is predominantly in a net payable position to its G&P customers
 - ▶ Diverse group, with many IG and large well capitalized producers
- **Logistics & Transportation**
 - ▶ Targa is predominantly in a net payable position to customers in its NGL transportation and fractionation businesses
 - ▶ Diverse group, primarily IG and large well capitalized firms
 - ▶ LPG export customers are either IG or required to post an LC to cover exposure

(1) Includes hedges executed through October 13, 2021, and based on an estimated average of daily equity volumes for 2021.

(2) Targa’s composite NGL barrel comprises 43% ethane, 32% propane, 12% normal butane, 4% isobutane, and 9% natural gasoline.

(3) Based on consolidated revenue for the nine months ended September 30, 2021.

Integrated Infrastructure Platform

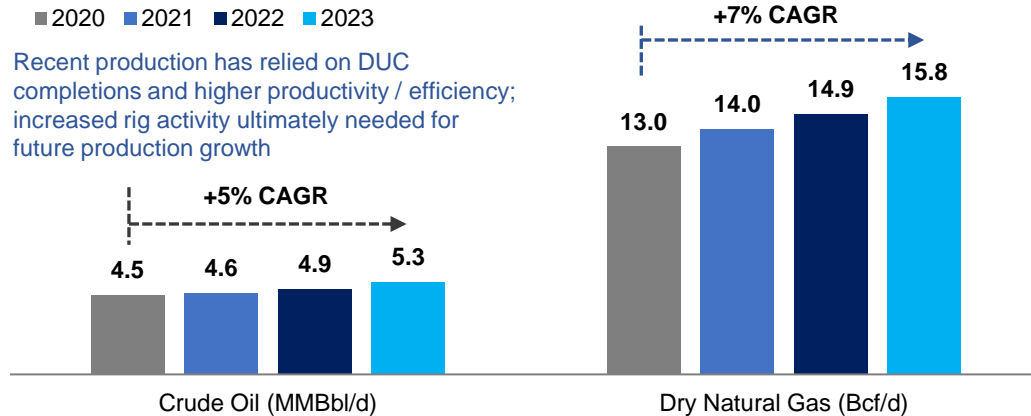




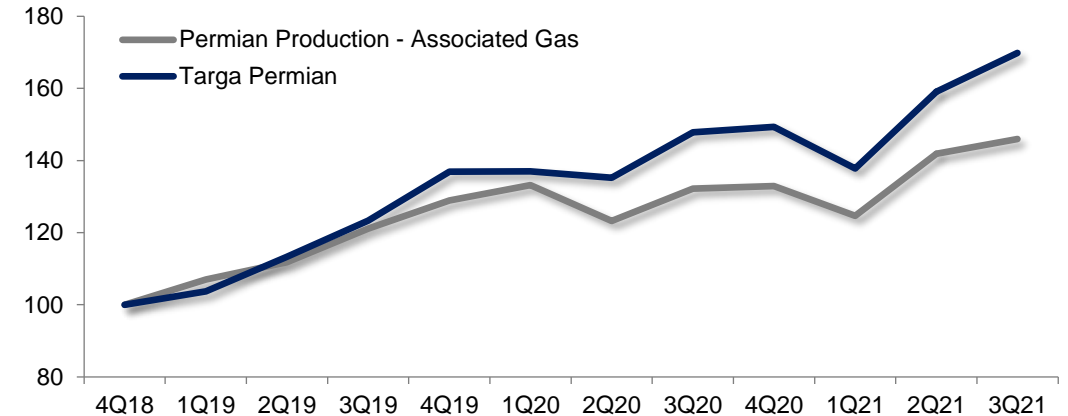
Permian Basin is a World-Class Resource

Targa's leadership position in the Permian and integrated platform provide reliable access to NGL hub in Mont Belvieu

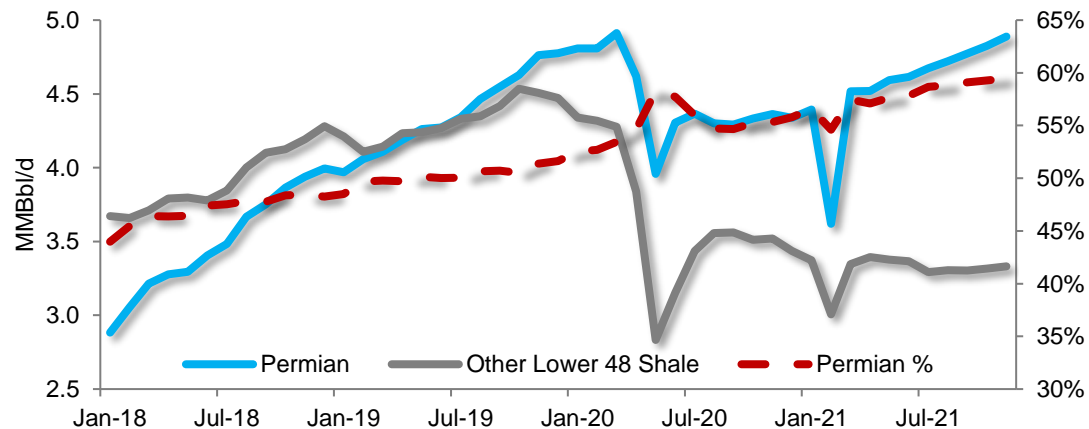
Near-Term Permian Crude Oil & Natural Gas Supply Forecast⁽¹⁾



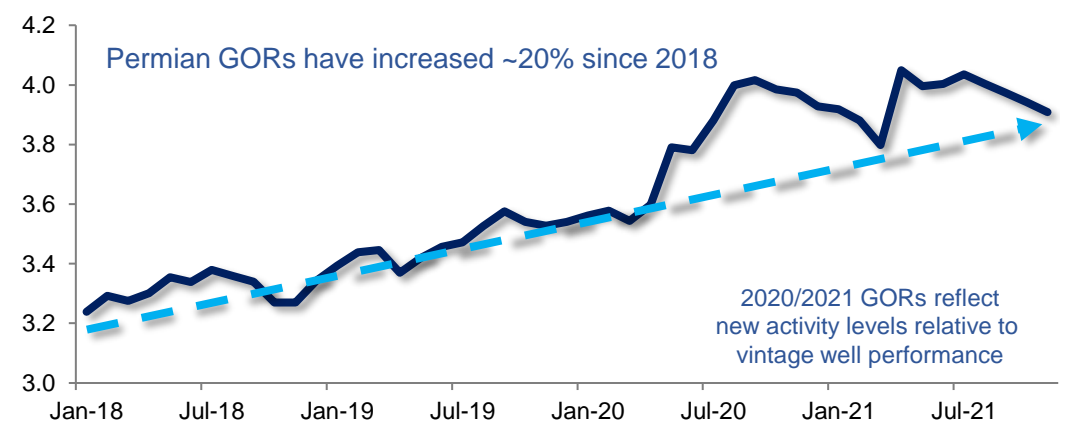
Targa's Inlet Volume Growth has Outpaced Permian Basin Production⁽²⁾



Permian Oil Production Holds Largest Share of Total U.S. Shale Supply⁽²⁾



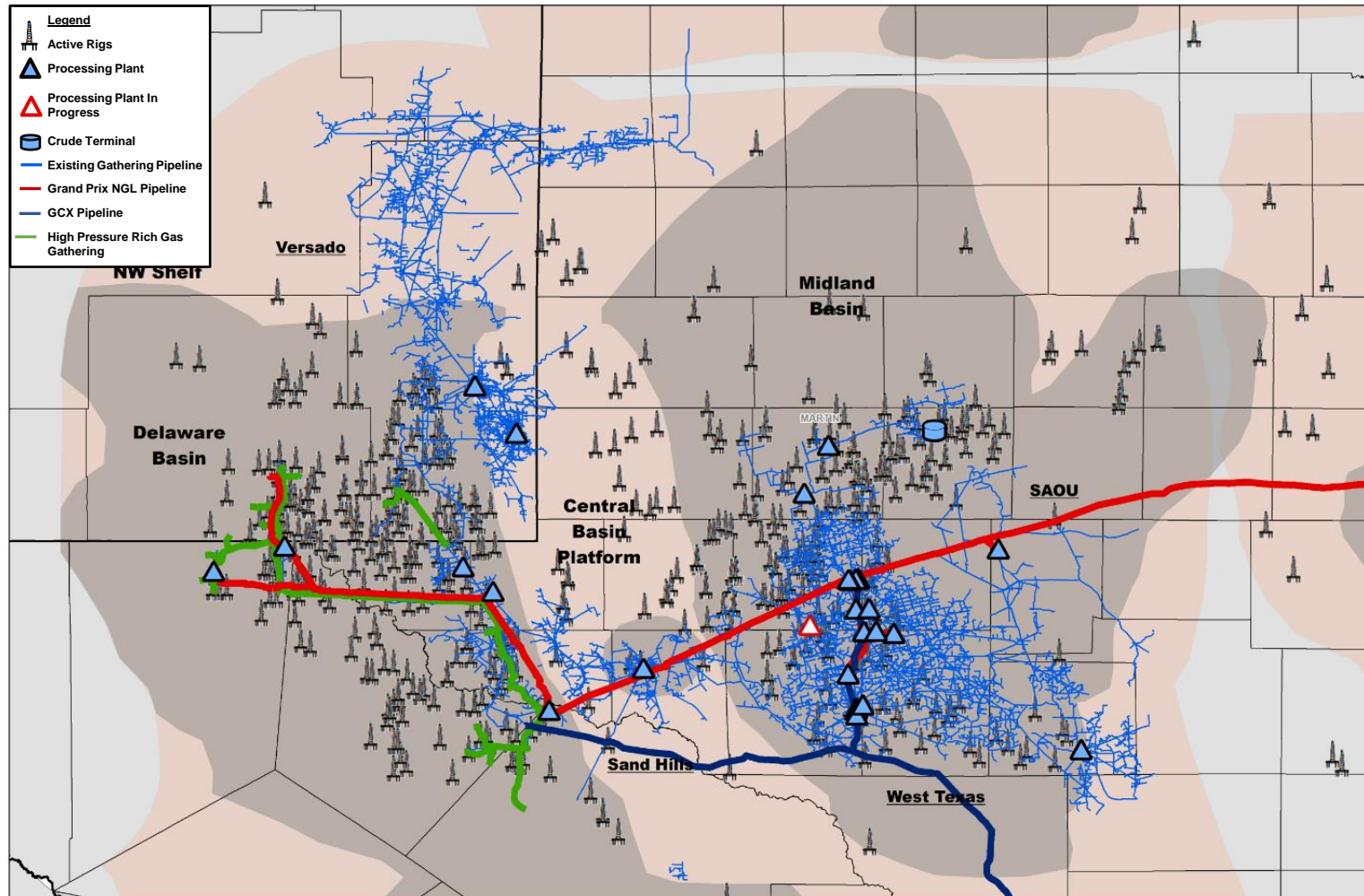
Higher GORs Benefit Targa's Capture of Permian NGL Supply⁽²⁾





Targa's Premier Permian Asset Footprint

Super-system across the Midland and Delaware Basins with significant access to NGL supply



Multi-plant, multi-system Permian footprint, complemented by Grand Prix and GCX pipeline integration

One of the largest Permian G&P positions supports significant acreage dedications from diverse producer group

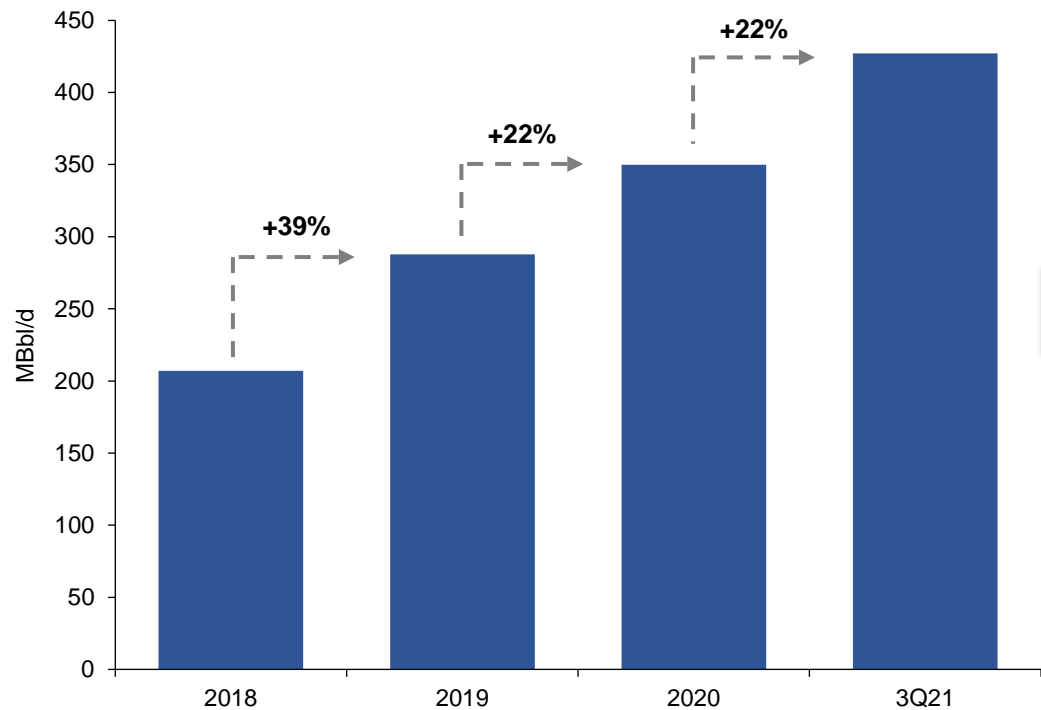
25 plants with ~4.1 Bcf/d⁽¹⁾ of total gross natural gas processing capacity

NGL Production Feeds Logistics & Transportation Assets

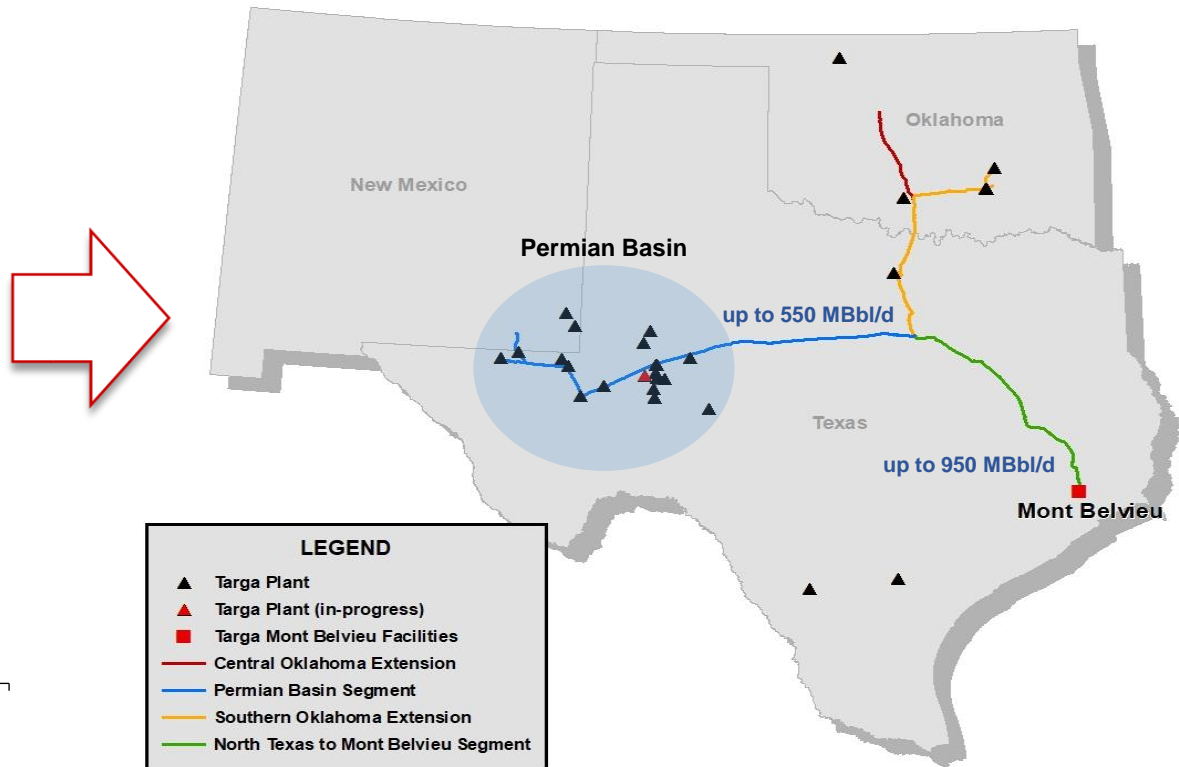


Grand Prix NGL Pipeline connects and directs significant NGL volumes to Targa's fractionation complex in Mont Belvieu

Significant NGLs from Targa Permian Plants



Grand Prix NGL Pipeline



- Targa is one of the largest daily movers of NGLs in the Permian Basin
- Targa can direct the vast majority of its NGL production to its fractionation facilities in Mont Belvieu

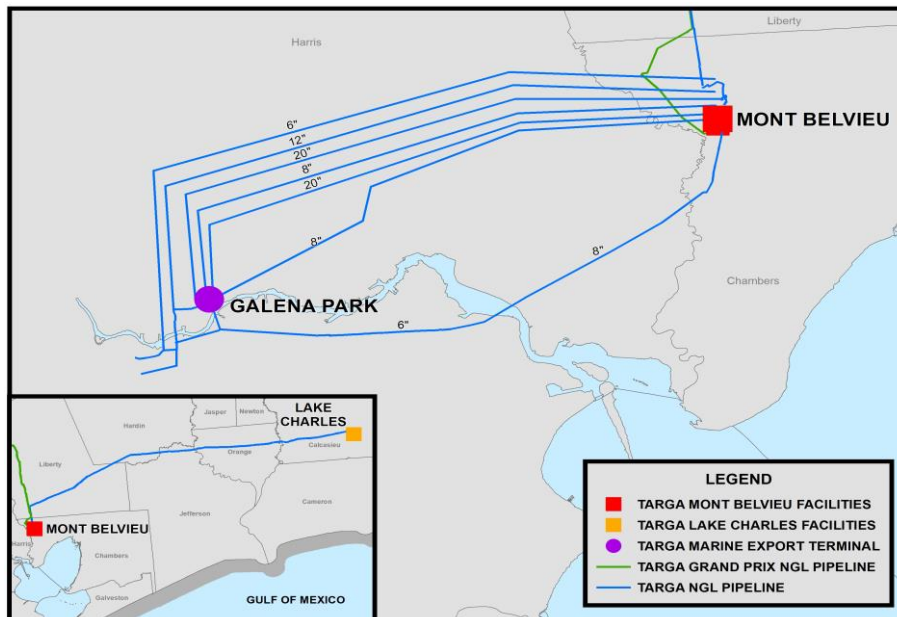
- Grand Prix connects supply to the NGL market hub and to Targa Downstream assets
- Grand Prix is positioned to benefit from growth in Permian supply and NGL production from Targa plants and from third-parties

NGL Market Hub With Global Reach

Logistics assets exceedingly difficult to replicate, fee-based businesses, with significant take-or-pay

Premier Fractionation Ownership Position in Mont Belvieu

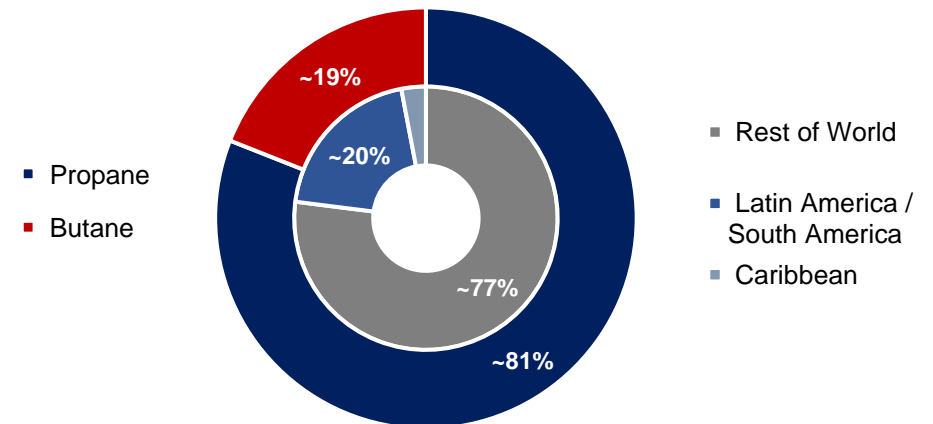
- Mont Belvieu is the U.S. NGL market hub developed over decades of industry investment
- 813 MBbl/d⁽¹⁾ gross fractionation capacity in Mont Belvieu; 55 MBbl/d in Lake Charles
- 54 MMBbls of storage capacity in Mont Belvieu
- Superior connectivity to demand (U.S. petrochemical complex and exports)



LPG Export Services Business Connects to Global Demand

- Effective LPG export working capacity ~12.5 MMBbl/month (nameplate loading capacity up to ~15 MMBbl/month)⁽²⁾
- Targa advantage - connected to fractionation, storage, supply/market interconnectivity, refrigeration, and de-ethanizers
- Differentiated facility due to commercial and operational flexibility on vessel size and cargo composition
- LPG exports provide critical source of cleaner fuels for developing nations

LPG Exports by Destination & Product Mix⁽³⁾



(1) Includes 40 MBbl/d of back-end capacity and does not include Targa's equity interest in GCF; GCF facility was idled in January 2021 but is available for reactivation subject to prevailing market conditions and agreement with our partners.
 (2) Effective capacity based on current product mix of ~70%/30% propane/butane; nameplate operational capacity up to ~15 MMBbl/month based on supply availability, product mix, vessel schedule, among other factors.
 (3) Trailing twelve months ended September 30, 2021.



ESG – Environmental, Social, Governance

Targa is part of the energy infrastructure that is delivering safe, reliable energy to global communities

Environment & Safety

- ▶ We recognize that our commitment to implement programs and practices to improve environmental performance and minimize risk is important to the sustainability of our business
- ▶ We have adopted the following goals: (1) lowering our GHG intensity, and (2) reducing flaring
- ▶ We strive to continuously improve our safety performance through our vision of “Zero is Achievable,” which is rooted in our belief that we can achieve zero accidents



Joined ONE Future Coalition
May 2021

Environmental

We are committed to strong corporate governance and engagement with our shareholders on key governance topics

Governance
(Includes Board Sustainability Committee)

Our corporate governance practices and policies are reflected in our Corporate Governance Guidelines, Code of Conduct and Code of Ethics

Social

Social

- ▶ We employ a talented and dedicated workforce and are committed to our employees’ safety, health, and development
- ▶ We work to promote a respectful and inclusive workplace that embraces differences and appreciates each other’s contributions to common and individual goals
- ▶ We are dedicated to fostering trust with our employees, shareholders, and communities



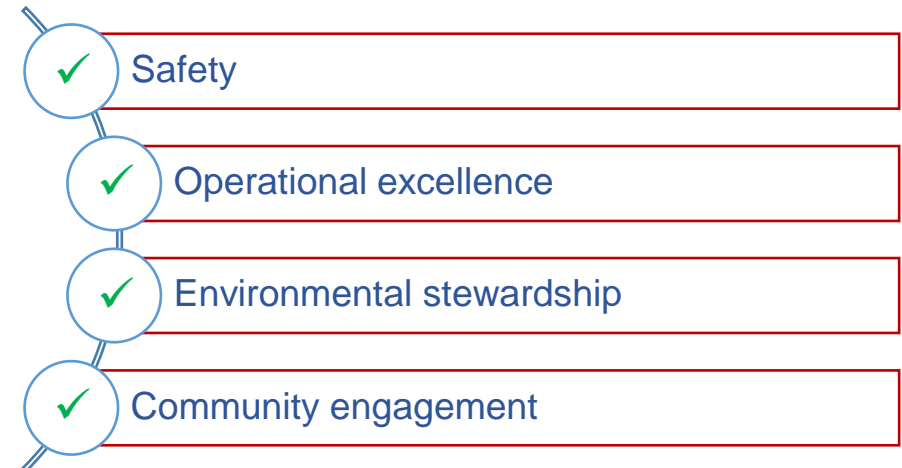


We Own and Operate Critical Infrastructure

Our operations are essential to the efficient, safe, and reliable delivery of energy across the U.S. and increasingly the world



- Targa's operations connect natural gas and NGLs to domestic and international markets with growing demand for cleaner fuel and feedstocks
- We believe that natural gas, NGLs and LPG will continue to play an important role in the energy transition to a lower carbon future for decades to come
 - ▶ Source of cheap and reliable energy with lower emissions that offset coal
 - ▶ Fills the gap in energy demand that renewable energy cannot meet
- We are focused on capturing opportunities and managing risk to continue to create long term value for our shareholders, our partners, and our communities

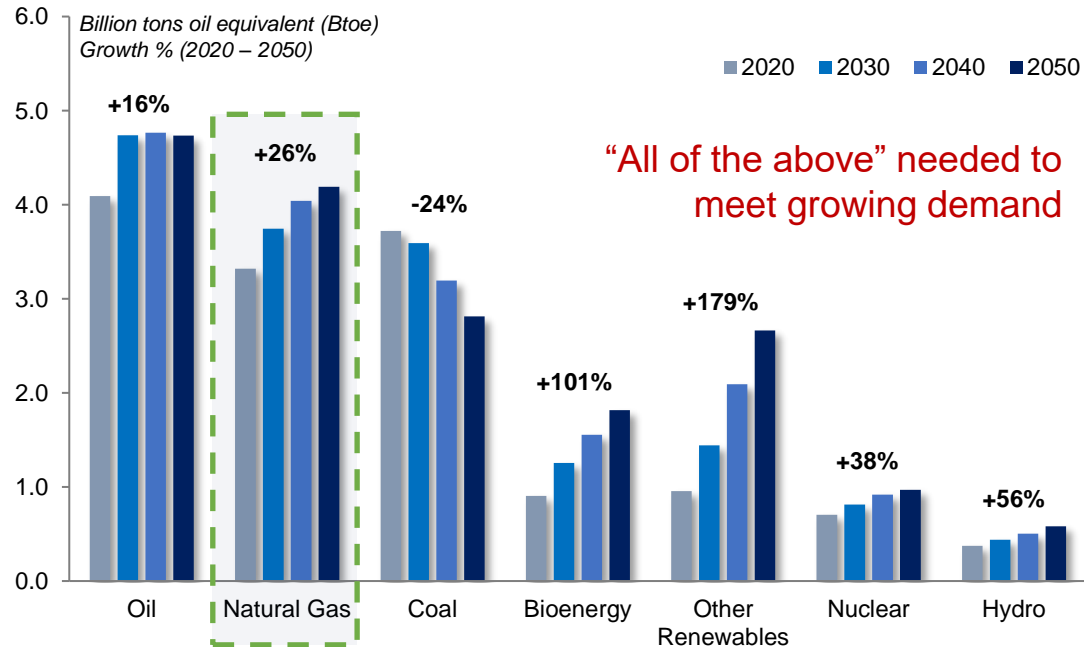




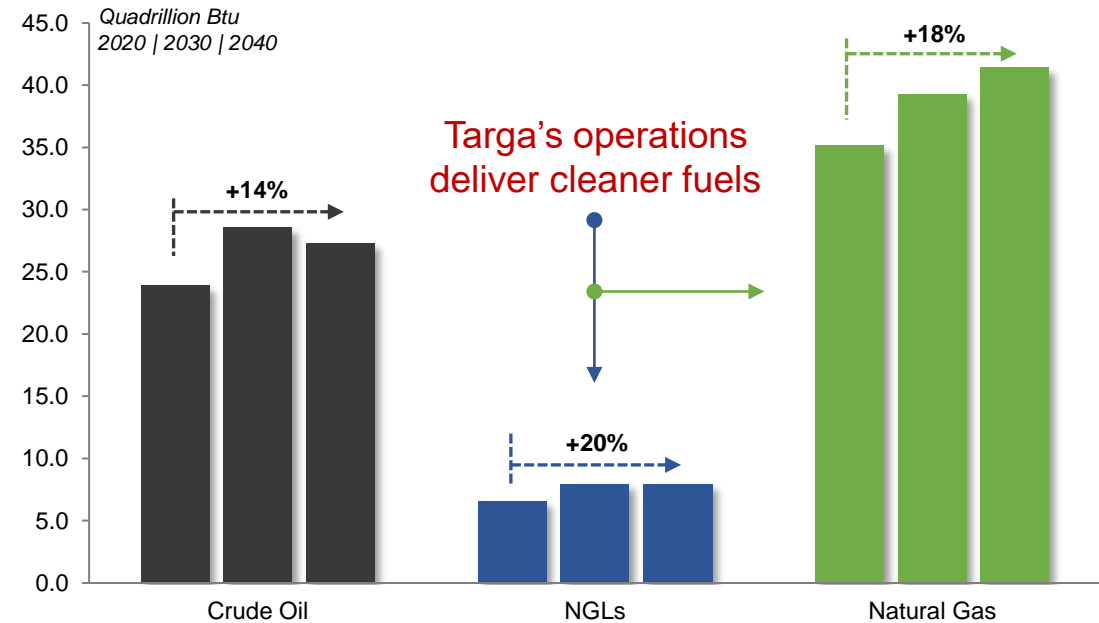
Global Demand Outlook and the Call on U.S. Supply

Increasing global energy demand requires diverse supply source; U.S. exports expected to fuel future energy needs

Global Energy Demand by Fuel⁽¹⁾



U.S. Natural Gas and Natural Gas Liquids Supply Growth⁽²⁾



- Total energy demand forecasted to grow ~26% between 2020 and 2050 driven by global population growth, emerging markets and developing economies
- Natural gas mix expected to maintain >20% share of global fuel demand throughout forecast period – affordable and reliable supply, displaces higher carbon emitting fuels, increasing industrial demand, and baseload from power generation

- Increasing global energy demand is expected to rely on U.S. supply and future exports of natural gas (LNG) and NGLs (ethane and LPGs)
- The U.S. is well positioned to meet growing demand for cleaner fuels and feedstocks, including natural gas and NGLs, which support economic growth and social advancement in developing nations

(1) Source: International Energy Agency, World Energy Outlook, (Stated Policy Scenario); October 2021.

(2) Source: U.S. Energy Information Administration Annual Energy Outlook (AEO2021); February 2021.

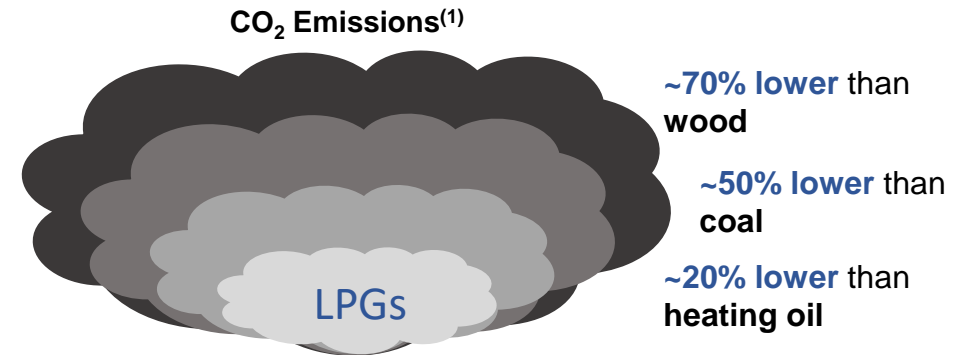
Targa is Well-Positioned to Support Global Energy Needs



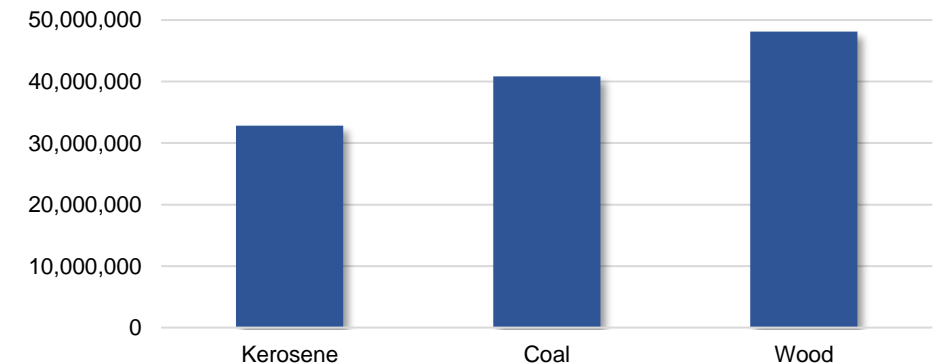
Targa's facilities exported ~4.6 billion gallons of LPGs globally in 2020 and helped reduce global CO₂ emissions

- LPGs are replacing biomass in many rural communities, and LPG demand is growing in China, India, Indonesia, Bangladesh and across many countries in Africa
 - ▶ Where electricity is not available, the use of LPGs have a positive impact on the health and prosperity for local people in these nations by offering a cleaner energy cooking solution
 - ▶ LPGs are a reliable energy source that is easily transported and stored with significantly lower emissions
- LPGs advance the United Nations' 2030 Agenda for Sustainable Development, including the achievement of goals directed towards health, poverty, women, children, environment, deforestation, energy and climate
 - ▶ ~3 billion people (>35% of the global population) still rely on solid fuels and kerosene for cooking⁽¹⁾
 - ▶ The lack of access to clean fuels contributes to the death of >4 million people each year⁽¹⁾
- LPG use supports and enables inclusive economic growth, promotes gender equality, protects the environment, and saves lives

Use of LPGs Provides Emission Reductions



Targa's 2020 LPG Exports Displaced Higher CO₂ Emitting Fuels (MT)⁽²⁾



(1) Source: World LPG Association (WLPGA) - Based on difference in CO₂ emissions from average of propane and butane versus wood, coal, and kerosene.

(2) Represents the total CO₂ equivalent for each fuel source relative to the 4.6 billion gallons of LPGs, in aggregate, exported from Targa's facilities in 2020. Each fuel source converted to million British Thermal unit (MMBtu) based on its respective heating value (Btu equivalent) and then applied its respective CO₂ emissions as determined by EPA (40 CFR Part 98; 40 CFR Part 89), EIA, and Utah State Forestry Extension.

Reconciliations

Non-GAAP Financial Measures



This presentation includes the Company's non-GAAP financial measures: adjusted EBITDA, distributable cash flow, adjusted free cash flow, adjusted gross margin and adjusted operating margin. The following tables provide reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures. These non-GAAP financial measures should not be considered as alternatives to GAAP measures such as net income, operating income, net cash flows provided by operating activities or any other GAAP measure of liquidity or financial performance.

The Company utilizes non-GAAP measures to analyze the Company's performance. Adjusted gross margin, adjusted operating margin, adjusted EBITDA, distributable cash flow, and adjusted free cash flow are non-GAAP measures. The GAAP measure most directly comparable to these non-GAAP measures are gross margin, income (loss) from operations and net income (loss) attributable to TRC. These non-GAAP measures should not be considered as an alternative to the comparable GAAP measures and have important limitations as analytical tools. Investors should not consider these measures in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Additionally, because the Company's non-GAAP measures exclude some, but not all, items that affect net income, and are defined differently by different companies within the Company's industry, the Company's definitions may not be comparable with similarly titled measures of other companies, thereby diminishing their utility. Management compensates for the limitations of the Company's non-GAAP measures as analytical tools by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these insights into the Company's decision-making processes.

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss) attributable to TRC before interest, income taxes, depreciation and amortization, and other items that the Company believes should be adjusted consistent with the Company's core operating performance. The adjusting items are detailed in the adjusted EBITDA reconciliation table and its footnotes. Adjusted EBITDA is used as a supplemental financial measure by the Company and by external users of the Company's financial statements such as investors, commercial banks and others to measure the ability of the Company's assets to generate cash sufficient to pay interest costs, support the Company's indebtedness and pay dividends to the Company's investors.

Distributable Cash Flow and Adjusted Free Cash Flow

The Company defines distributable cash flow as adjusted EBITDA less distributions to TRP preferred limited partners, cash interest expense on debt obligations, cash tax (expense) benefit and maintenance capital expenditures (net of any reimbursements of project costs). The Preferred Units that were issued by the Partnership in October 2015 were redeemed in December 2020, and are no longer outstanding. The Company defines adjusted free cash flow as distributable cash flow less growth capital expenditures, net of contributions from noncontrolling interest and net contributions to investments in unconsolidated affiliates. Distributable cash flow and adjusted free cash flow are performance measures used by the Company and by external users of the Company's financial statements, such as investors, commercial banks and research analysts, to assess the Company's ability to generate cash earnings (after servicing the Company's debt and funding capital expenditures) to be used for corporate purposes, such as payment of dividends, retirement of debt or redemption of other financing arrangements.

Segment Adjusted Operating Margin Comparative Results



G&P (\$MM)	1Q20	2Q20	3Q20	4Q20
Adjusted Gross Margin	\$367.8	\$336.5	\$363.1	\$380.0
Operating Expenses	112.1	99.3	102.1	116.1
Adjusted Operating Margin	\$255.7	\$237.2	\$261.0	\$263.9

L&T (\$MM)	1Q20	2Q20	3Q20	4Q20
Adjusted Gross Margin	\$363.6	\$297.1	\$342.1	\$399.2
Operating Expenses	69.6	65.6	61.7	77.2
Adjusted Operating Margin	\$294.0	\$231.5	\$280.4	\$322.0

- Beginning in the first quarter of 2021, Targa is reporting certain fuel and power costs previously included in Operating Expenses in Product Purchases and Fuel to better reflect the direct relationship of these costs to Targa's revenue-generating activities and align with Targa's evaluation of the performance of the business. Prior periods as presented above have been updated to reflect this change.

Non-GAAP Measures Reconciliation



	Year Ended December 31,	
	2020	2019
	(In millions)	
Reconciliation of Net Income (Loss) attributable to TRC to Adjusted EBITDA, Distributable Cash Flow and Free Cash Flow		
Net income attributable to TRC	\$ (1,553.9)	\$ (209.2)
Income attributable to TRP preferred limited partners	15.1	11.3
Interest (income) expense, net	391.3	337.8
Income tax expense (benefit)	(248.1)	(87.9)
Depreciation and amortization expense	865.1	971.6
Impairment of long-lived assets	2,442.8	225.3
(Gain) loss on sale or disposition of business and assets	58.4	71.1
Write-down of assets	55.6	17.9
(Gain) loss from sale of equity-method investment	-	(69.3)
(Gain) loss from financing activities (1)	(45.6)	1.4
Equity (earnings) loss	(72.6)	(39.0)
Distributions from unconsolidated affiliates and preferred partner interests, net	108.6	61.2
Change in contingent considerations	(0.3)	8.7
Compensation on equity grants	66.2	60.3
Risk management activities	(228.2)	112.8
Severance and related benefits (2)	6.5	-
Noncontrolling interests adjustments (3)	(224.3)	(38.5)
TRC Adjusted EBITDA	\$ 1,636.6	\$ 1,435.5
Distributions to TRP preferred limited partners	(15.1)	(11.3)
Interest expense on debt obligations (4)	(388.9)	(342.1)
Cash tax refund	44.4	-
Maintenance capital expenditures	(109.5)	(141.7)
Noncontrolling interests adjustments of maintenance capital expenditures	5.3	6.8
Distributable Cash Flow	\$ 1,172.8	\$ 947.2
Growth capital expenditures, net (5)	(597.9)	(2,281.7)
Adjusted Free Cash Flow	\$ 574.9	\$ (1,334.5)

(1) Gains or losses on debt repurchases or early debt extinguishments.

(2) Represents one-time severance and related benefit expense related to the Company's cost reduction measures.

(3) Noncontrolling interest portion of depreciation and amortization expense (including the effects of the impairment of long-lived assets on non-controlling interests).

(4) Excludes amortization of interest expense.

(5) Represents growth capital expenditures, net of contributions from noncontrolling interests and net contributions to investments in unconsolidated affiliates.

Non-GAAP Measures Reconciliation



Reconciliation of estimated net income attributable to TRC to estimated Adjusted EBITDA

	Full Year 2021E	
	(In millions)	
Net income attributable to TRC	\$	555.0
Interest expense, net		370.0
Income tax expense		50.0
Depreciation and amortization expense		870.0
Equity (earnings) loss		(55.0)
Distributions from unconsolidated affiliates and preferred partner interests, net		115.0
Compensation on equity grants		60.0
Risk management activities and other		75.0
Noncontrolling interests adjustments ⁽¹⁾		(40.0)
TRC Estimated Adjusted EBITDA	\$	2,000.0



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