



Investor Presentation

Mizuho Power, Energy & Infrastructure Conference

DECEMBER 5, 2023 | TARGA RESOURCES CORP.



Forward Looking Statements

Certain statements in this presentation 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 presentation that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, are forward-looking statements, including statements regarding our projected financial performance, capital spending and payment of future dividends.

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 or any other public health crises, commodity price volatility due to ongoing or new global conflicts, actions by the Organization of the Petroleum Exporting Countries (“OPEC”) and non-OPEC oil producing countries, the impact of disruptions in the bank and capital markets, including those resulting from lack of access to liquidity for banking and financial services firms, 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 (“SEC”), 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.

We use any of the following to comply with our disclosure obligations under Regulation FD: press releases, SEC filings, public conference calls, or our website. We routinely post important information on our website at www.targaresources.com, including information that may be deemed to be material. We encourage investors and others interested in the company to monitor these distribution channels for material disclosures.

Targa's Value Proposition

Strong total return and exceptionally well positioned for the long-term



Strategic Position

- Integrated wellhead to water Permian NGL infrastructure footprint
- Largest gatherer and processor of natural gas and NGLs in the Permian Basin



Strength

- Fee-based businesses backed by long-term contracts
- Strong investment grade balance sheet



Growth

- Industry leading adjusted EBITDA growth outlook backed by system volume growth
- Increasing return of capital to shareholders over the long-term

Growing EBITDA, Growing Dividend, Reducing Share Count, Strong Balance Sheet

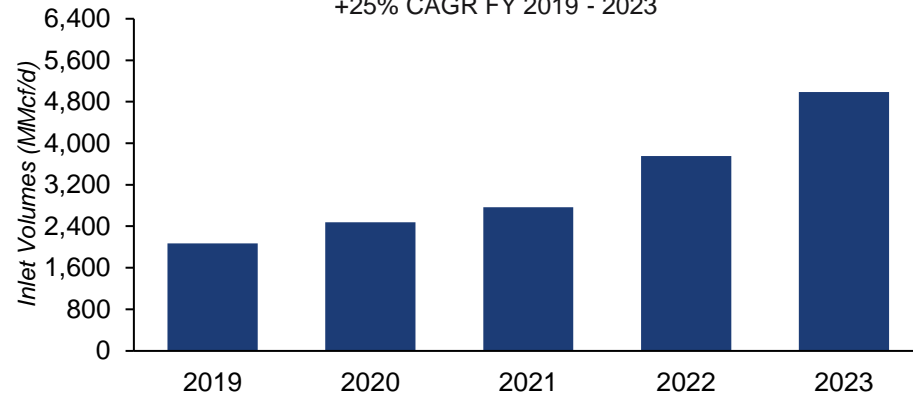


Significant Track Record of Growth Across Targa's Integrated Assets

Increasing volume trajectory through Targa's difficult to replicate integrated natural gas and NGL infrastructure footprint

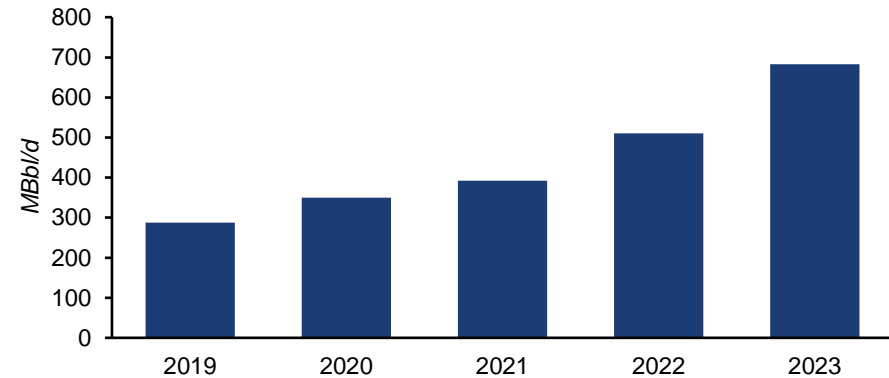
Permian Natural Gas Inlet Volumes⁽¹⁾

+25% CAGR FY 2019 - 2023



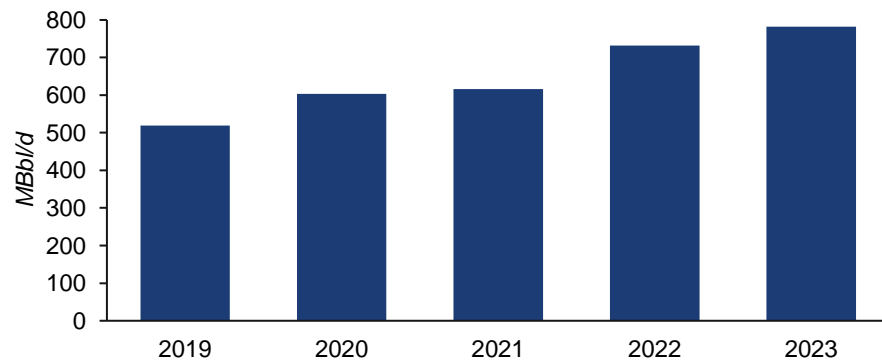
NGL Pipeline Transportation⁽¹⁾⁽²⁾

+23% CAGR Q4 2019 - 2023



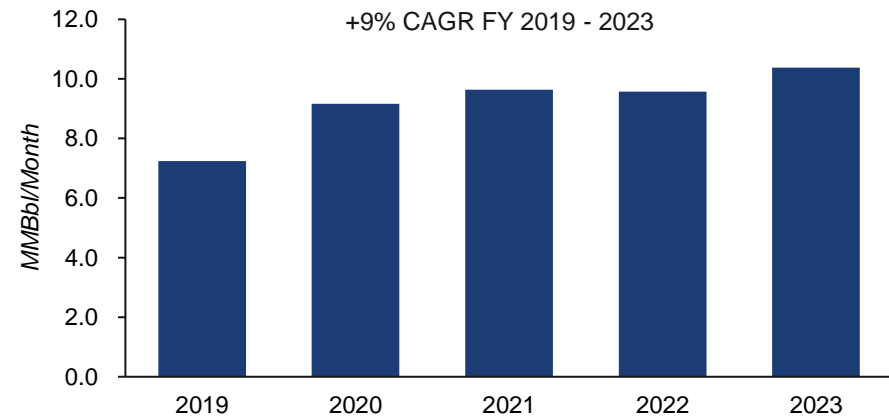
Fractionation Volumes⁽¹⁾

+11% CAGR FY 2019 - 2023



LPG Export Volumes⁽¹⁾

+9% CAGR FY 2019 - 2023

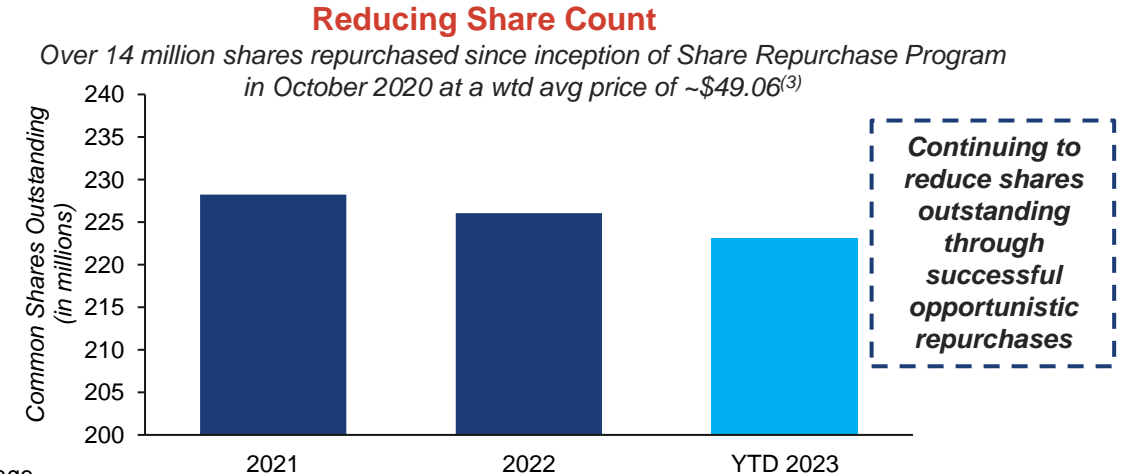
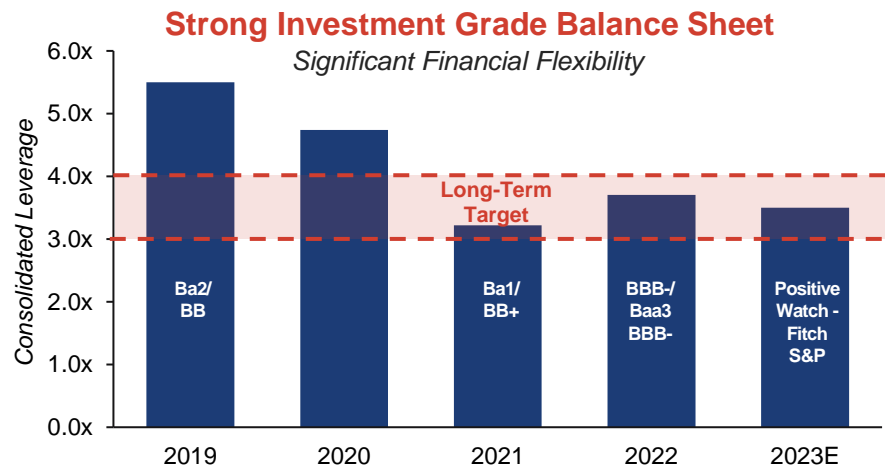
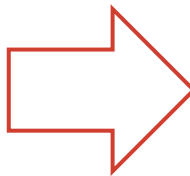
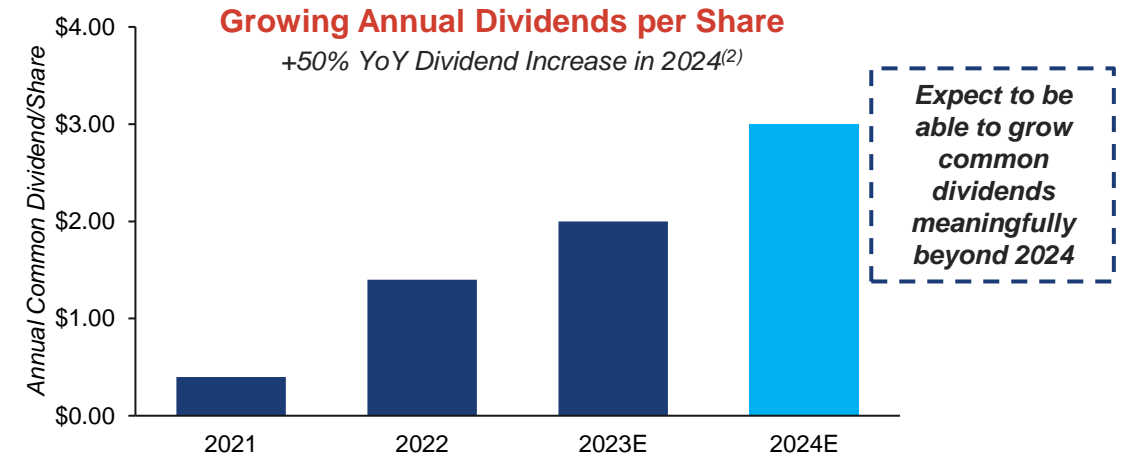
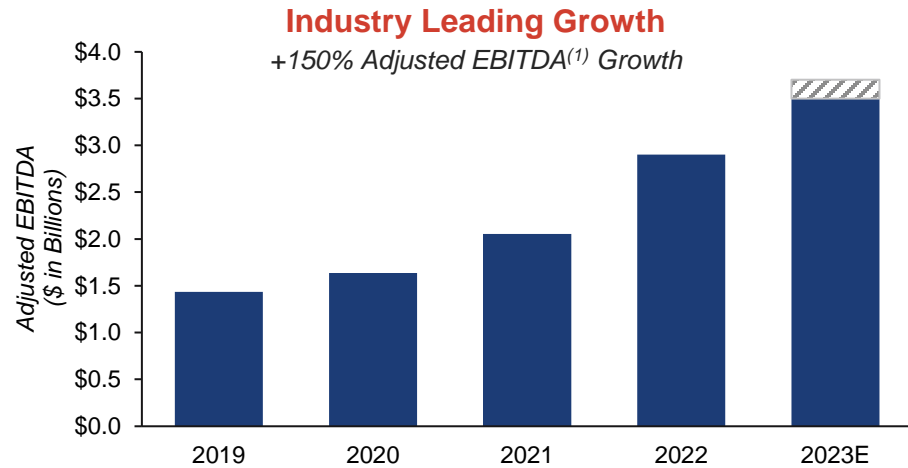


(1) 2023 operational metrics represent average volumes for the nine months ended September 30, 2023.

(2) Targa's Grand Prix NGL pipeline commenced full operations during 3Q19.

Underlying Business Growth Drives Higher EBITDA and Return of Capital

Integrated NGL business and strong business fundamentals drive increasing cash flow outlook and return of capital

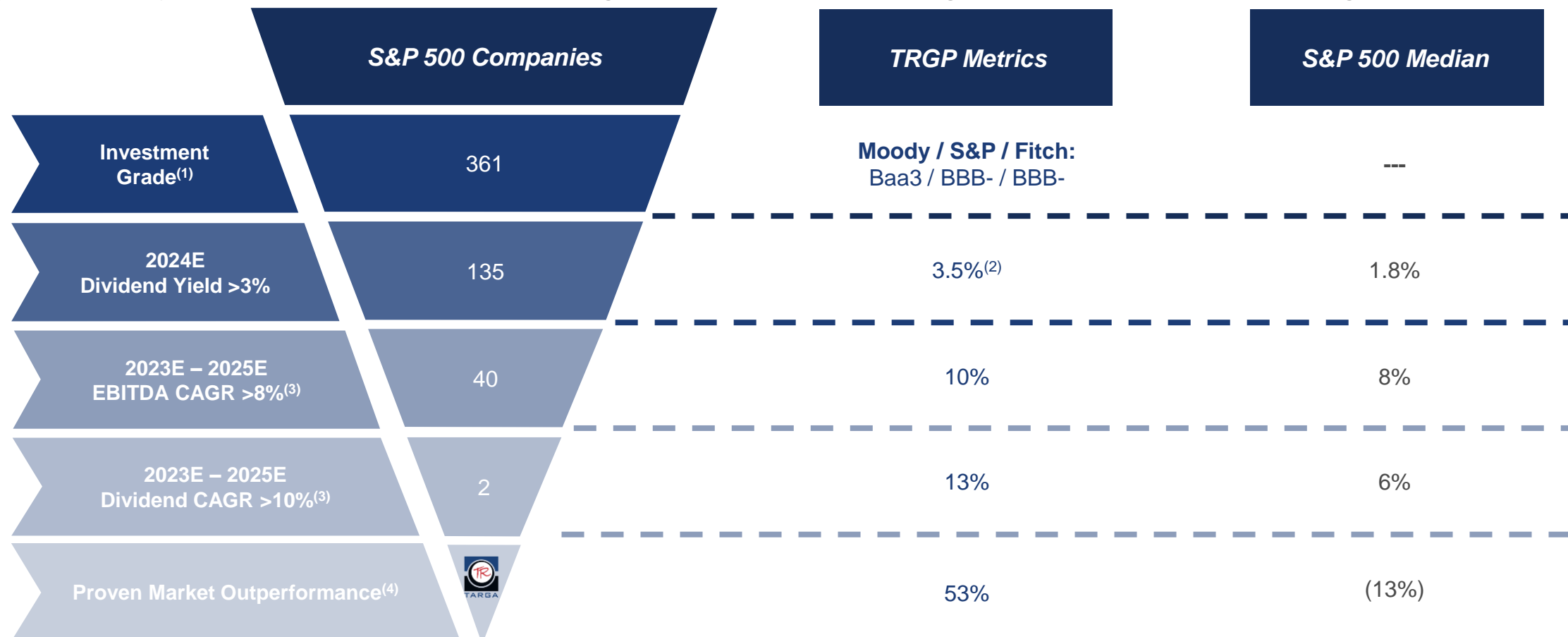


Guidance Range

(1) Adjusted EBITDA is a non-GAAP measure. Please see the section of this presentation entitled "Non-GAAP Financial Measures" for a discussion of adjusted EBITDA and a reconciliation of such measure to its most directly comparable GAAP financial measure. Adjusted EBITDA growth based on midpoint of projected 2023E Adjusted EBITDA guidance.
 (2) Management expects to recommend to the Company's Board of Directors an increase to the 2024 quarterly cash common dividend to \$3.00 per share annualized.
 (3) Weighted average per share repurchase price inclusive of share repurchases through September 30, 2023. YTD 2023 share count as of September 30, 2023.

Targa vs. S&P 500

Targa is uniquely positioned across the S&P 500 given balance sheet strength, return of capital, EBITDA growth and performance



Source: FactSet, Bloomberg, and Company filings. Market Data as of 10/20/2023.

- (1) Companies ranked with investment grade ratings with at least two of the agencies, BBB- or higher by Fitch, Baa3 or higher by Moody's and BBB- or higher by S&P.
- (2) TRGP 2024E dividend yield based on \$3.00/share annual dividend. Management expects to recommend to the Company's Board of Directors an increase to the 2024 quarterly cash common dividend to \$3.00 per share annualized.
- (3) 2023E – 2025E EBITDA and Dividend CAGR based off consensus estimates.
- (4) Last 24 months share price performance > 30% as of 10/20/2023.

Targa's "All of the Above" Approach to Maximize Long-Term Shareholder Value

Balance sheet flexibility supports Targa's ability to invest in core projects while delivering meaningful shareholder returns

1.

**Strong Investment Grade Balance Sheet
Supported by Increasing Earnings Stability**

2.

Continue to Invest and Generate Strong Returns

3.

**Enhance Capital Return to Shareholders
Through Meaningful Dividend Growth and Opportunistic Share Repurchases**

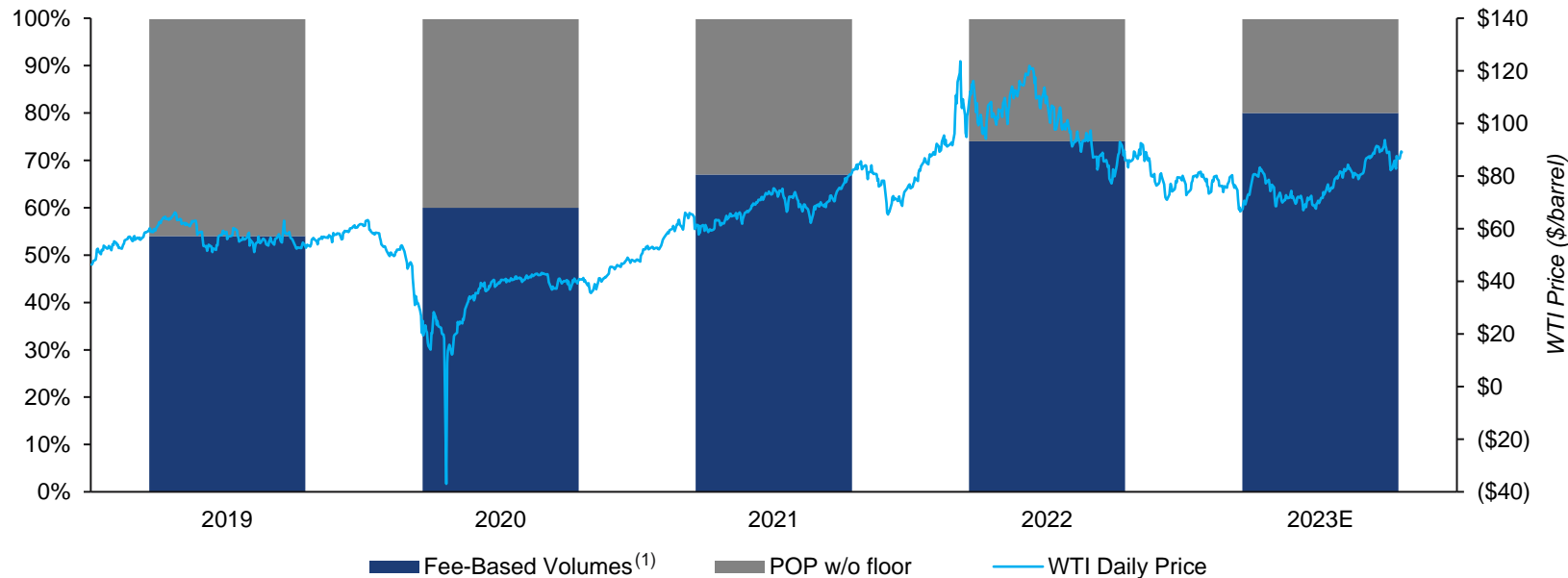
1. Strong IG Balance Sheet Supported by Increasing G&P Fee Margin

Targa's G&P business has undergone a significant transformation in adding fees and fee floors to contracts; now ~80% fee

~80%

2023E Fee-Based Volumes in G&P

Total Gathering & Processing Contract Mix (Based on Volume)



Contract Restructurings and Growth

- Have increased cash flow stability in G&P business significantly through additional fee and fee-floor contracts
- Permian G&P volumes are now ~82% fee-based⁽¹⁾
- New G&P investments predominantly backed with fee-based structures

New Commercial Wins and Acquisitions

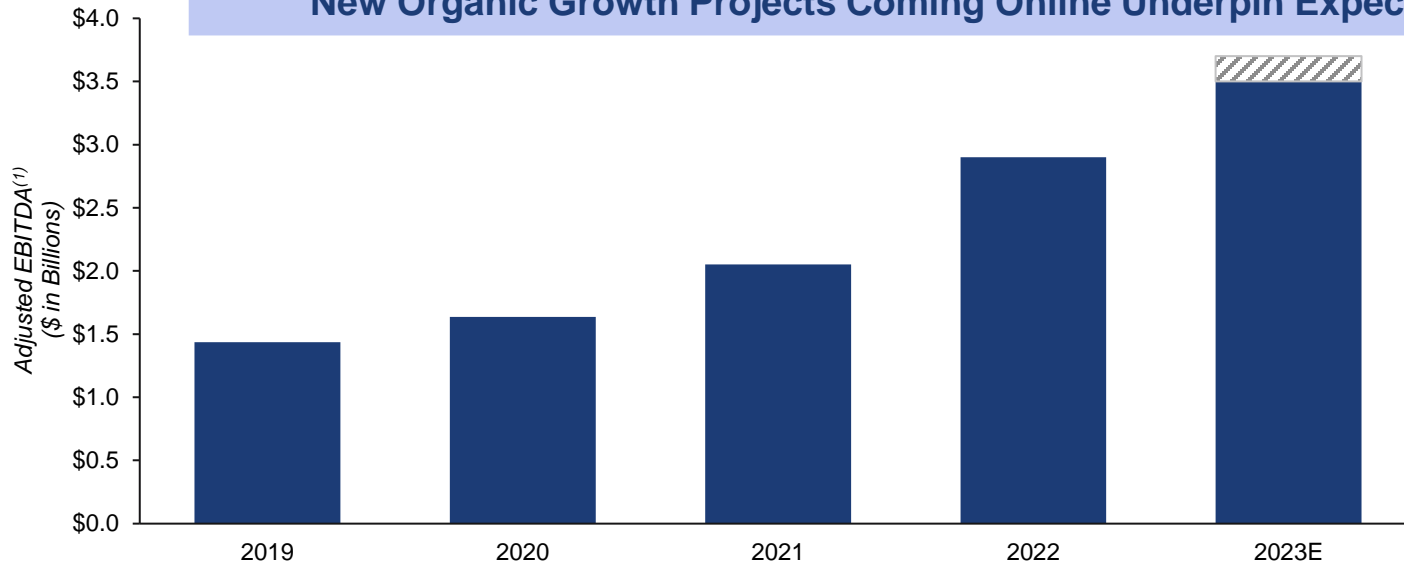
- New commercial wins underpinned with fee-based structures
- 2017 Permian Basin Acquisition and 2022 Delaware Basin and South Texas acquisitions have bolstered fee-based volumes across G&P

⁽¹⁾ Fee-Based Volumes are inclusive of Percentage of Proceeds contracts with fee-floors.

2. Attractive Growth Opportunities Drive Increasing EBITDA

Organic investments across Targa's integrated business expected to drive continued strong return on invested capital

**Strong Adjusted EBITDA Growth from Organic Growth and M&A;
New Organic Growth Projects Coming Online Underpin Expectations of 2024+ Adjusted EBITDA Growth**



2024 Projects In-Service

- Wildcat II Plant
- Roadrunner II Plant
- Greenwood II Plant
- GCF Restart
- Train 9 Fractionator
- Daytona NGL Pipeline

2025 Projects In-Service

- Bull Moose Plant
- Train 10 Fractionator

Projects In-Service

- 3 Permian Plants
- Badlands LM4 Plant
- Grand Prix NGL Pipeline
- Train 6 Frac

Projects In-Service

- 2 Permian Plants
- Trains 7 & Train 8 Fracs
- LPG Export Expansion

Projects In-Service

- 1 Permian Plant

Projects In-Service and M&A

- South Texas Acquisition
- Delaware Acquisition
- 2 Permian Plants

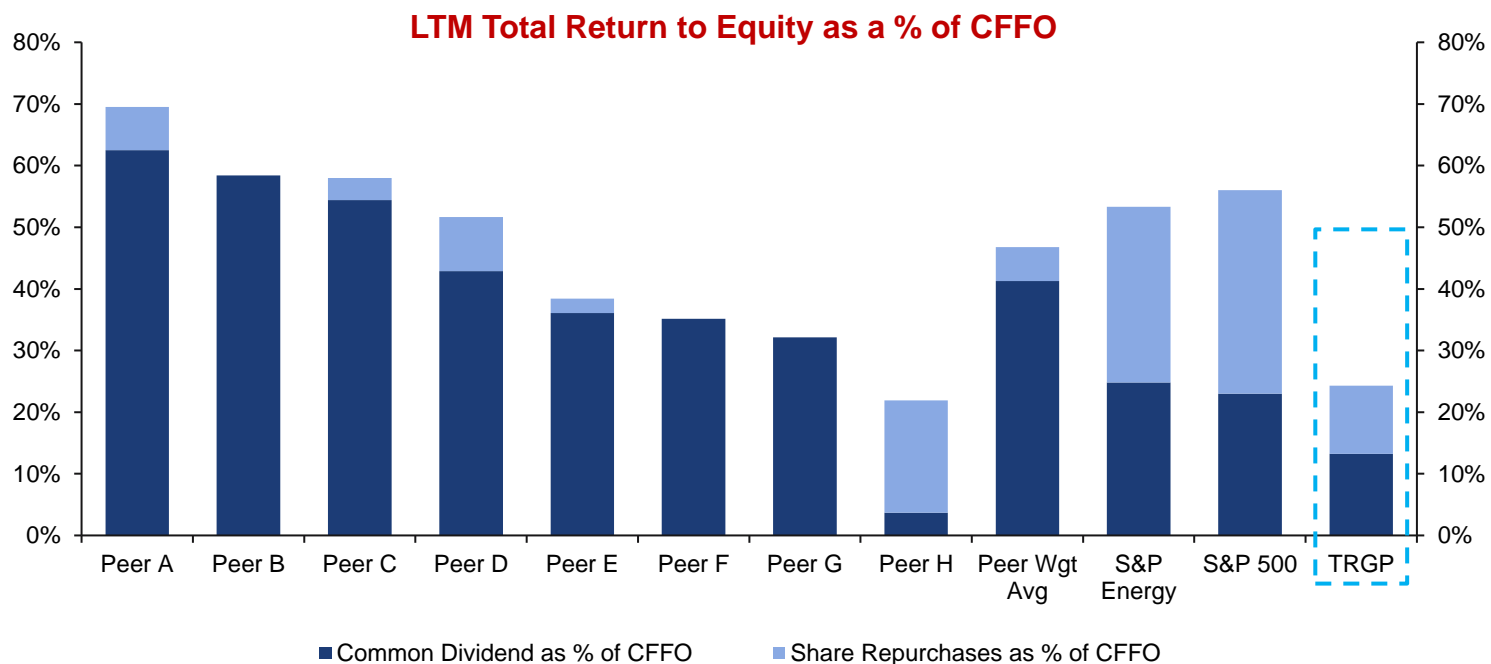
Projects In-Service and M&A

- Grand Prix Acquisition (25% Interest)
- 3 Permian Plants
- LPG Export Expansion

(1) Adjusted EBITDA is a non-GAAP measure. Please see the section of this presentation entitled "Non-GAAP Financial Measures" for a discussion of adjusted EBITDA and a reconciliation of such measure to its most directly comparable GAAP financial measure.

3. Targa is Returning an Increasing Amount of Capital

Targa's return of capital framework informed by large-cap midstream, S&P Energy and S&P 500 comparables



- Targa's 35% total return over the LTM has outperformed the peer average (19%) and S&P 500 (17%)
- Midstream peers have historically used dividends as their preferred method for return of capital
- Broader market return of capital has been more of a balanced approach of dividends and share repurchases
- While Targa LTM return of capital has been lower, our strong outlook and ramping FCF profile support higher return of capital as a % of CFFO *looking ahead*

Source: Bloomberg and FactSet; market data as of 10/20/2023; CFFO is defined as Adjusted EBITDA less interest and cash taxes; last 12 months (LTM) period from 6/30/2022 to 6/30/2023. Midstream peers include EPD, ET, KMI, LNG, MPLX, OKE, PAA, WMB.

An aerial photograph of an industrial facility under construction in a desert landscape. The facility features a complex network of pipes, metal structures, and several tall vertical towers. The ground is sandy and shows signs of recent excavation and construction activity, with some heavy machinery visible. In the background, there are some low-rise buildings and a road. The overall scene is set in a vast, arid environment with sparse vegetation.

Targa's Infrastructure Supported by Strong Fundamental Outlook



Targa's System – Integrated NGL Solution

Our assets and operations connect natural gas and NGLs to markets with growing demand for cleaner fuels and feedstocks



Targa's System is Integrated Across the Value Chain

Targa's Assets are Positioned for Long-Term Success

- ✓ Growing Permian Basin Production
- ✓ Increasing U.S. Exports of Natural Gas and LPGs
- ✓ Investing in High-Return Projects That Leverage Integrated System

A Leading Infrastructure Company

Bakken Assets

- 2 natural gas processing plants
- ~290 MMcf/d gross processing capacity
- Crude oil gathering and storage

Permian Basin Assets

- Largest natural gas G&P position
- 38 natural gas processing plants⁽¹⁾
- ~7.4 Bcf/d gross processing capacity⁽¹⁾

NGL Pipeline Transportation

- Grand Prix NGL Pipeline connects Targa and third-party assets in the Permian and Midcon to Mont Belvieu
- Daytona NGL Pipeline under construction

Central Region Assets

- 12 natural gas processing plants
- ~2.0 Bcf/d gross processing capacity

NGL Fractionation

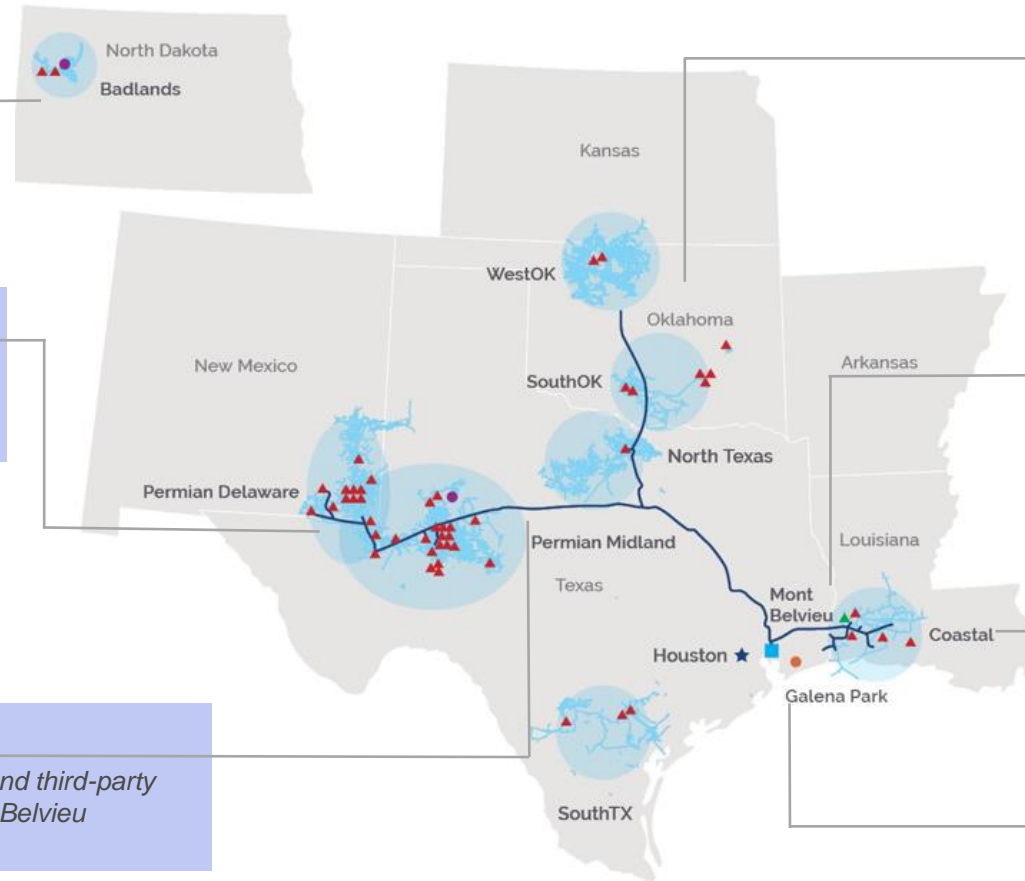
- One of the largest footprints in Mont Belvieu
- 10 fractionation trains
- ~1.1 MMBbl/d gross fractionation capacity⁽²⁾

Coastal Region Assets

- 5 natural gas processing plants
- ~2.0 Bcf/d gross processing capacity

LPG Export Services

- One of the largest U.S. exporters of LPG
- ~13.5 MMBbl/month effective working capacity⁽³⁾



(1) Includes announced Permian Midland and Permian Delaware plant additions currently underway.
 (2) Includes 40 MBbl/d of back-end capacity, Train 9 and 10 scheduled to be completed in Q2 2024 and Q1 2025, respectively, and does not include Targa's equity interest in GCF.
 (3) Export facility has an effective working capacity of 13.5 MMBbl/month. This capability is dependent on the mix of propane and butane demand, vessel size and availability of supply, among other factors.

Targa's Premier Permian Asset Footprint

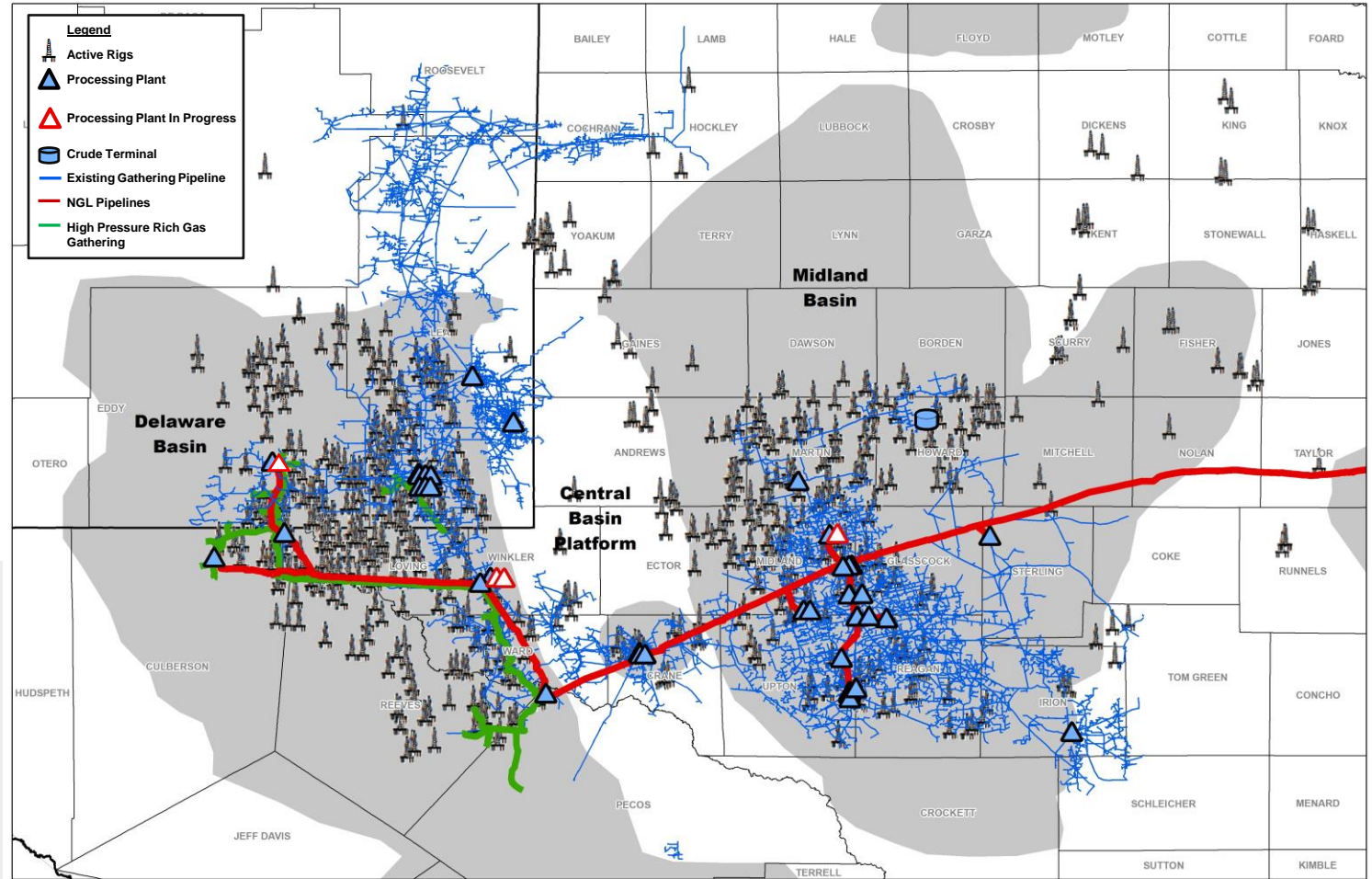
Premier Permian supply aggregation position backed by significant acreage dedications from diverse producer group

- Multi-plant, multi-system Permian G&P footprint, complemented by Grand Prix and Daytona NGL pipeline integration and connectivity to natural gas residue takeaway pipelines
- Recent Delaware Basin acquisition further enhance systems across the Delaware and Midland Basins

7.4 Bcf/d

Permian gas processing capacity⁽¹⁾

- 38 plants
 - Midland capacity ~3.9 Bcf/d
 - Delaware capacity ~3.6 Bcf/d
- Significant volume growth expected as a result of depth of Permian drilling inventory



Source: Enverus; rigs as of October 25, 2023.

(1) Gross Targa gas processing capacity in the Permian Basin. Includes Wildcat II plant expected in Q1 2024, Roadrunner II expected in Q2 2024, Greenwood II expected in Q4 2024, Bull Moose expected in Q2 2025.

Permian Basin Fundamentals

Permian Basin is poised for continued robust growth, driving increasing demand for Targa's midstream services

- Strength and resiliency of Targa's Permian Basin position
 - › Supported by large-cap, diverse producer customers
 - › Targa team remains focused in providing best-in-class customer service

>50%

of Lower 48 US shale rigs are in the Permian Basin⁽¹⁾

~80%

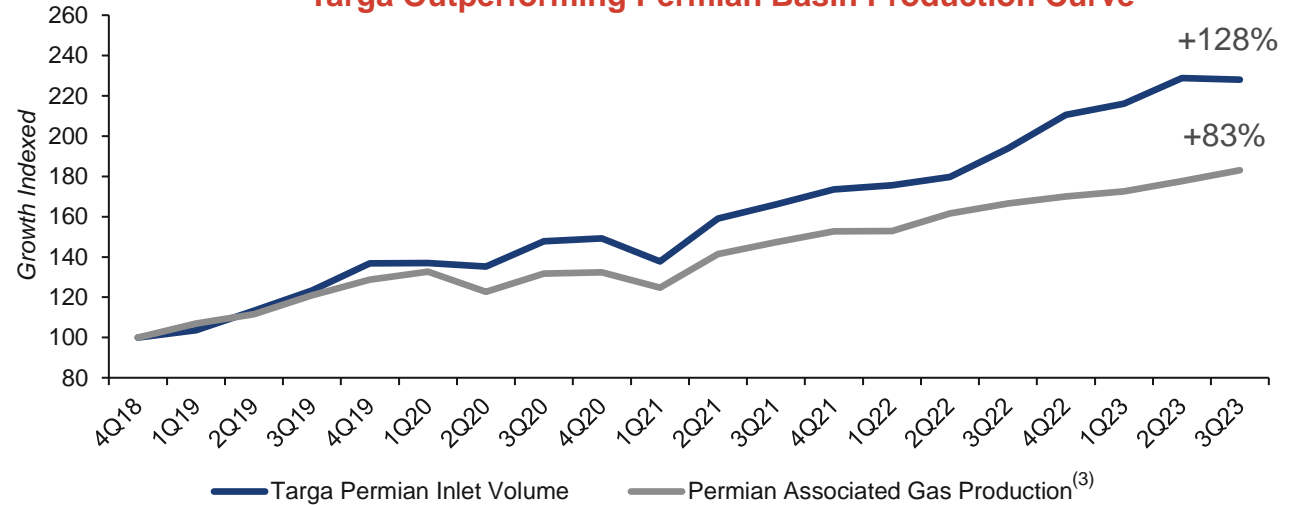
of Targa's natural gas inlet volumes sourced from the Permian⁽²⁾

⁽¹⁾ Source: Baker Hughes, as of October 20, 2023.

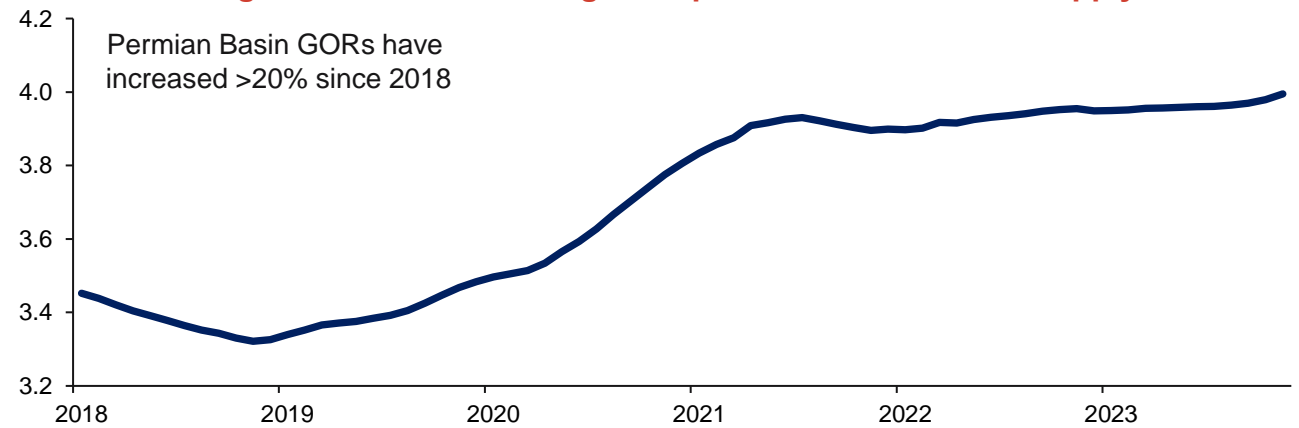
⁽²⁾ As of Q3 2023.

⁽³⁾ Source: EIA Drilling Productivity Report – October 2023 (rolling average LTM basis).

Targa Outperforming Permian Basin Production Curve



Higher GORs Benefit Targa's Capture of Permian NGL Supply⁽³⁾



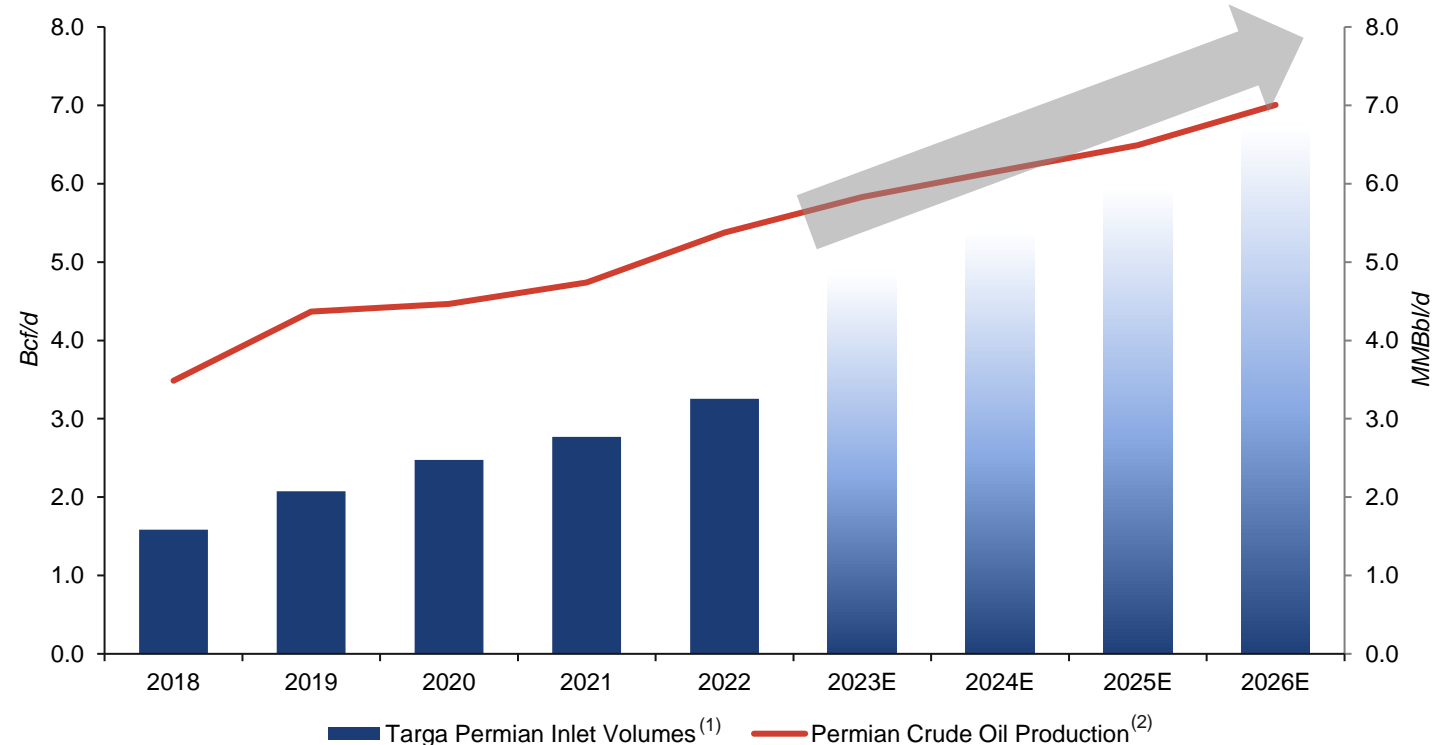
Targa's Industry Leading Permian G&P System

Permian Basin footprint underpinned by millions of dedicated acres and decades of core drilling inventory

- Targa's Permian natural gas inlet volumes have historically grown faster than overall Permian Basin crude oil production, driven by:
 - › Premier producer customers
 - › Producers with top-tier acreage positions
 - › Robust gas-to-oil ratios (GORs)
 - › Exceptional plant run-times
 - › Flow assurance for producers (built-in reliability and redundancy)

Permian Natural Gas Inlet Volume Growth

Targa expects continued significant growth in Permian volumes going forward



(1) 2023E Targa Permian based on projected inlet volumes outlook. 2024E+ Targa Permian inlet volumes based on the historical growth relationship (2019 – 2021) between Targa Permian inlet volumes and Permian crude oil production (excluding growth relationship in 2020 given data outlier for flat Permian crude oil production).

(2) Source: Historical data per EIA. 2023E+ forecast represents average estimates from BTU Analytics, Jefferies, JP Morgan, Pickering Energy Partners, S&P Global, Scotiabank, Tudor Pickering Holt, Wells Fargo, and Wood Mackenzie.

Investing in Attractive Projects Driven by Permian Volume Growth

Organic investments across Targa's integrated NGL business expected to drive strong return on invested capital

Gathering & Processing

- Adding +1.7 bcf/d of gas processing capacity in the Permian in response to increasing production and to meet the infrastructure needs of producers⁽¹⁾
- Mix of fee-based and percent-of-proceeds (POP) contracts with fee floors

Expansion Project	Capacity	Forecasted In-Service
Permian Midland		
Greenwood plant	275 MMcf/d	4Q23 (online)
Greenwood II plant	275 MMcf/d	4Q24
Permian Delaware		
Wildcat II plant	275 MMcf/d	1Q24
Roadrunner II plant	230 MMcf/d	2Q24
Bull Moose plant	275 MMcf/d	2Q25

Logistics & Transportation

- Expanding NGL takeaway from the Permian and fractionation capacity to support growth in NGLs from Targa's Permian G&P position and third parties
- Continuing to add critical infrastructure at the NGL hub of North America; long-term fee-based contracts

Expansion Project	Capacity	Forecasted In-Service
Daytona NGL Pipeline	400 MBbl/d	End of 2024
GCF Fractionator	135 MBbl/d	1Q24
Train 9 Fractionator	120 MBbl/d	2Q24
Train 10 Fractionator	120 MBbl/d	1Q25
LPG Export Expansion	1 MMBbl/month	3Q23 (online)

Ability to Collect Fees at Multiple Points as Molecules Move Through Targa's System

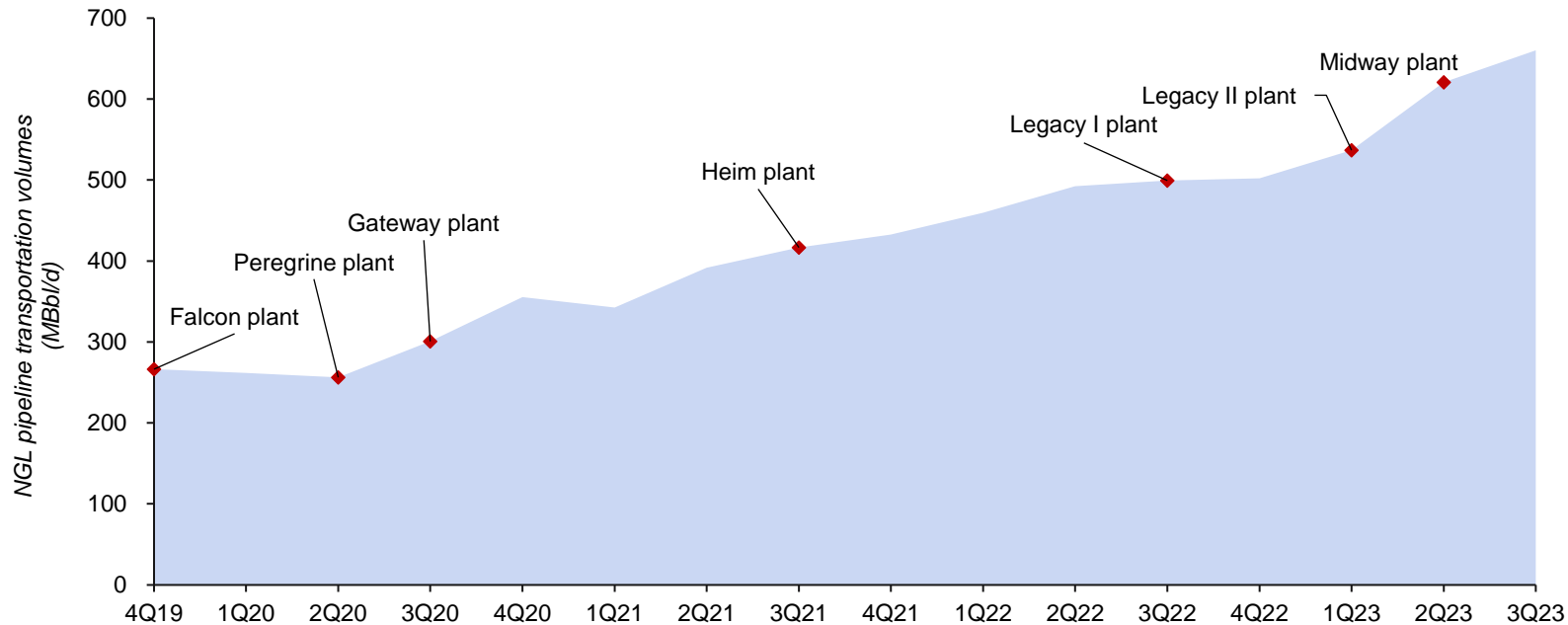
⁽¹⁾ Legacy II plant became fully available in the second quarter of 2023 and Midway plant commenced operations in the second quarter of 2023.

Targa's NGL Pipeline Transportation System

Targa is expanding its NGL takeaway from the Permian to support growth from Targa's assets and its future plant additions

NGL Pipeline Transportation Volumes

To complement its Grand Prix NGL Pipeline, Targa is constructing the Daytona NGL Pipeline to support growth in NGLs from Targa's Permian G&P position and third parties

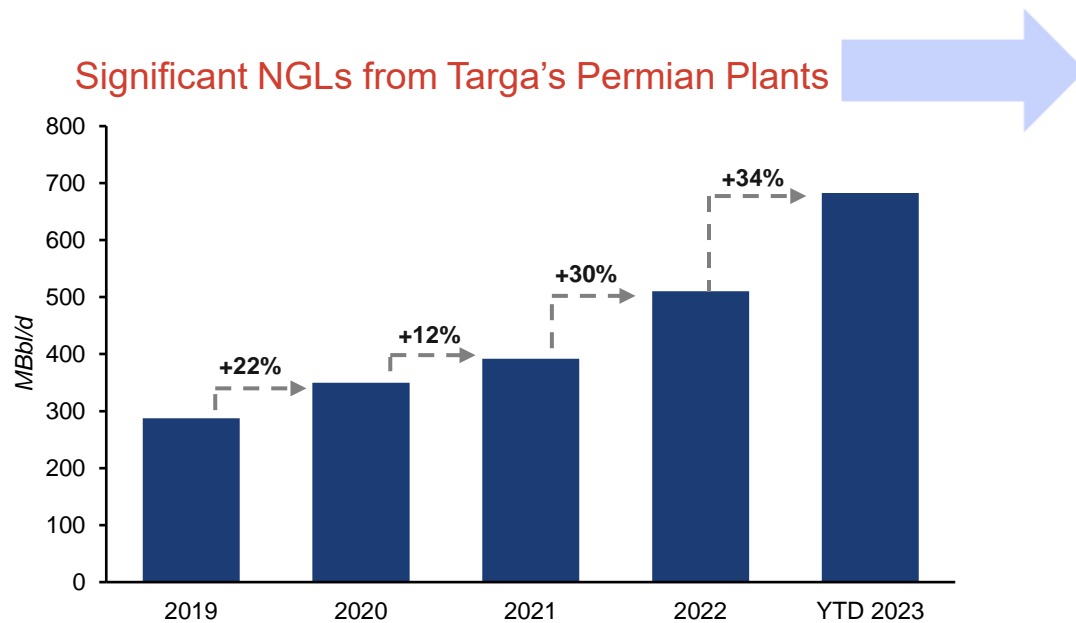


Targa's outlook for continued NGL transportation volume growth is strong:

- > Targa Permian volume growth
- > Targa plant additions under construction
- > Targa future plant additions
- > Expiration of obligations on third party pipelines
- > Increasing volume commitments from third parties
- > New third-party contracts

NGL Production Feeds Logistics & Transportation Assets

Targa's wellhead to water NGL strategy adds significant barrels into its system that are available for export



Targa's NGL Transportation Pipelines

- Grand Prix and Daytona NGL pipelines connect supply to the NGL market hub and to Targa Downstream assets in Mont Belvieu
- Targa's NGL pipelines are positioned to benefit from growth in Permian supply and NGL production from Targa plants and third parties



Targa's Premier Fractionation Ownership in Mont Belvieu

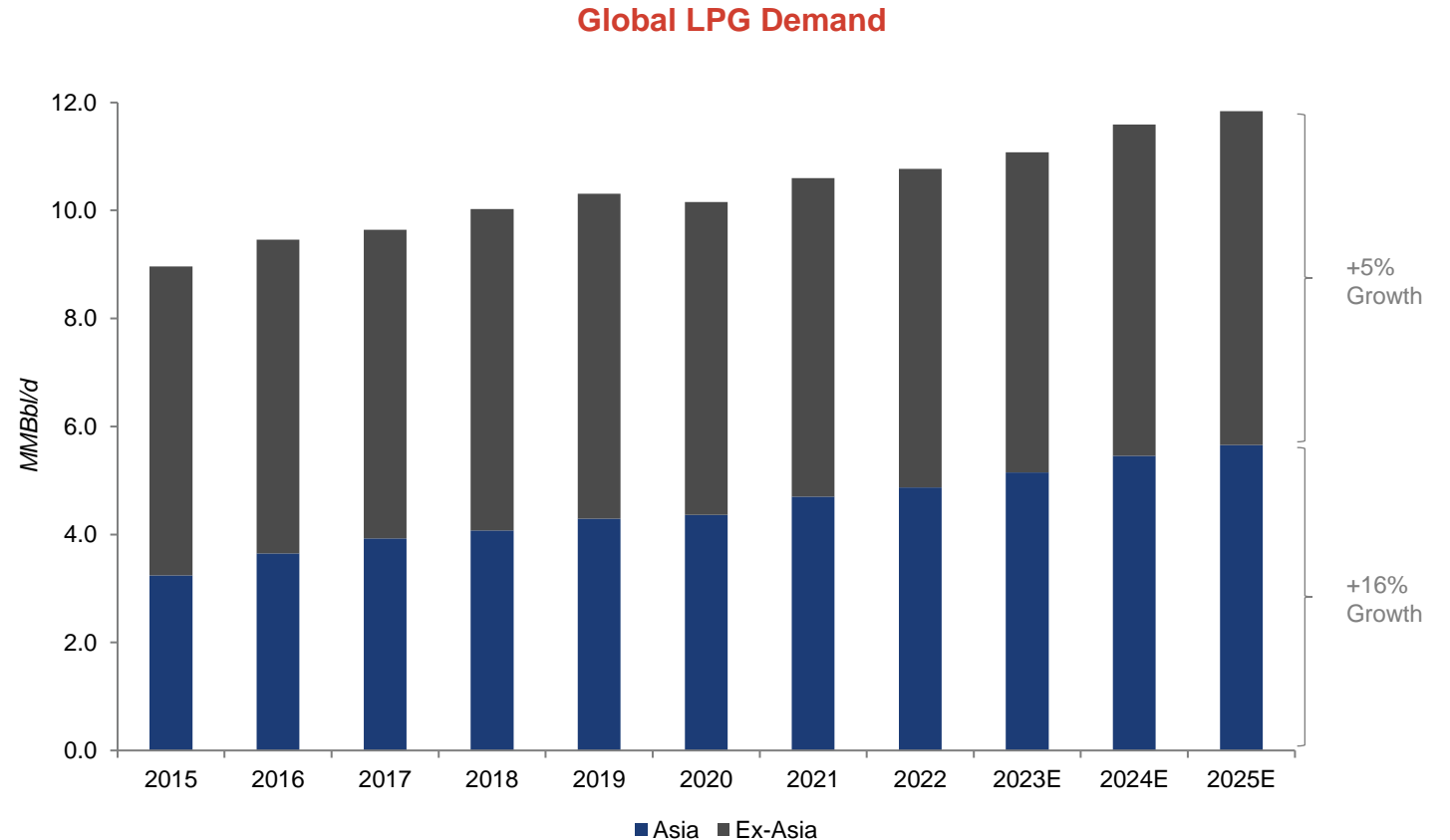
- Mont Belvieu is the U.S. NGL market hub developed over decades of industry investment
- Superior connectivity to demand (U.S. petrochemical complex and exports)

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

Strong LPG Fundamentals Supportive of Increased Exports

Targa's wellhead to water NGL strategy adds significant barrels into its system that are available for export

- Increasing global demand for propane and butane driven by broad application for residential and commercial use, in addition to a significant increase in base chemical cracking and PDH demand, notably in Asia
- Historically, >50% of total U.S. LPG exports were shipped to Asia Pacific countries
- The U.S. is the incremental supplier and exporter of NGLs to support growing global demand



Source: S&P Global (October 2023); growth compared to 2022 average demand.

Targa is Well-Positioned to Support Global Energy Needs

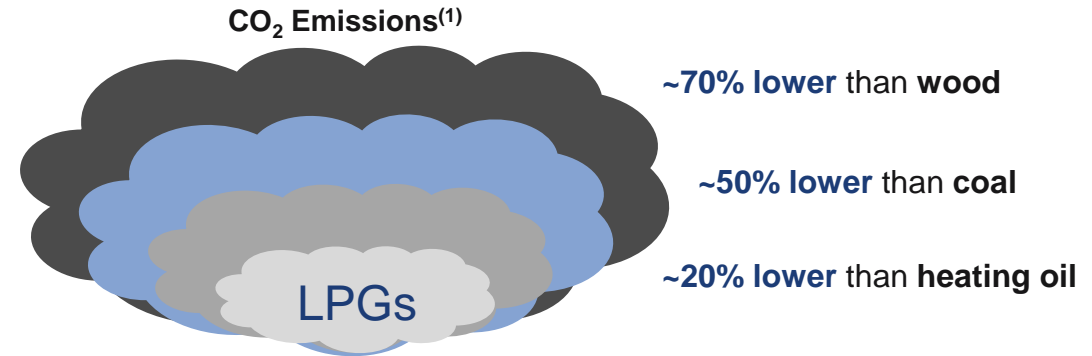
LPG exports provide critical source of cleaner fuels for developing nations and help reduce global CO2 emissions

4.9 Billion

gallons of LPGs from Targa's facilities exported globally in 2022



Use of LPGs Provides Emission Reductions

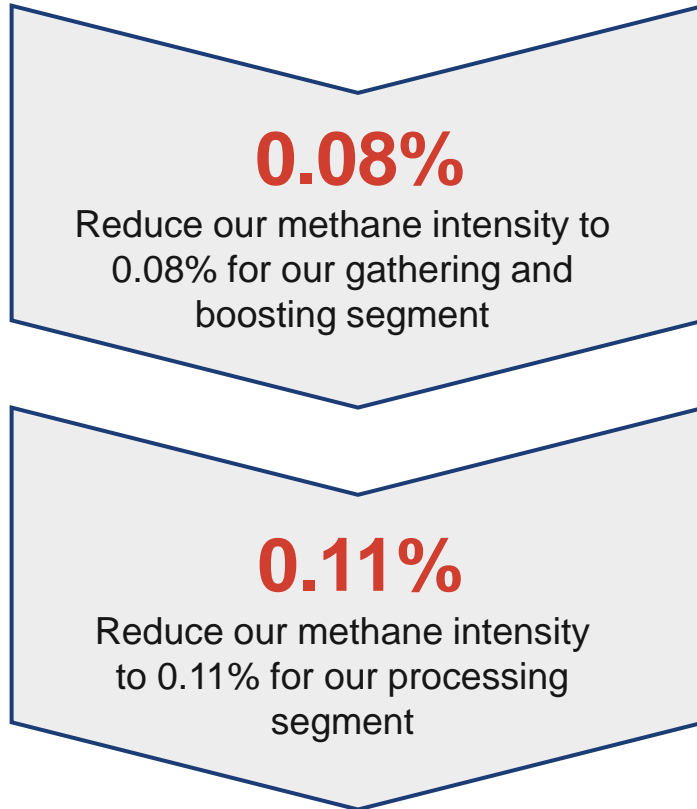


- LPGs are replacing biomass in many rural communities, and LPG demand is growing in China, India, Indonesia, Bangladesh and across many countries in Africa
 - › Where electricity is not available, the use of LPGs have a positive impact on the health and prosperity for local people in these nations by offering a cleaner energy cooking solution
 - › LPGs are a reliable energy source that is easily transported and stored with significantly lower emissions
- LPG use supports and enables inclusive economic growth, promotes gender equality, protects the environment, and saves lives

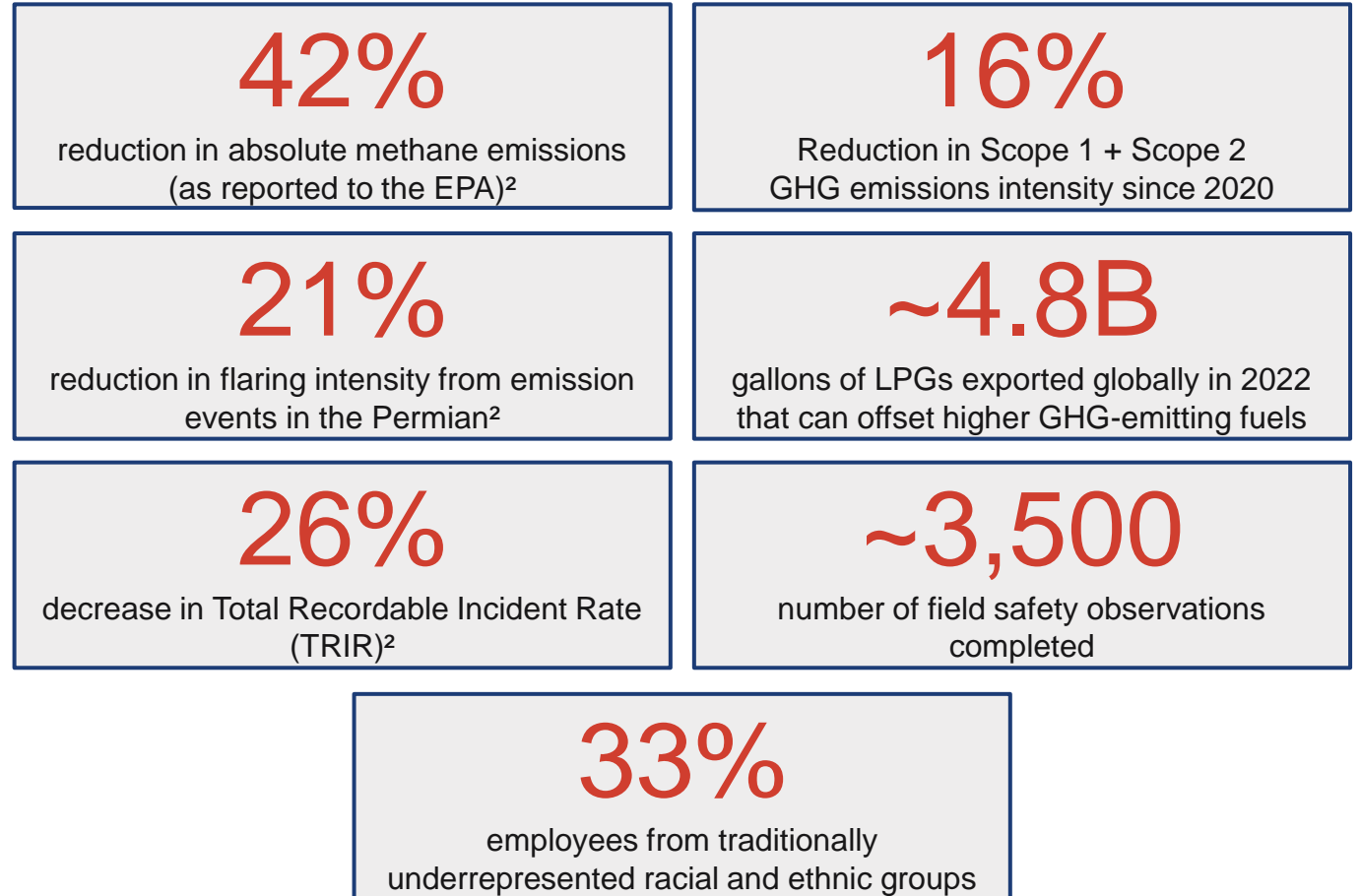
⁽¹⁾ Source: World LPG Association (WLPGA) - Based on difference in CO₂ emissions from average of propane and butane versus wood, coal, and kerosene.

Sustainability Highlights

Our 2025 Goals



2022 Sustainability Report Highlights¹



(1) More information around Targa's efforts in the areas of Safety, Environment, Social and Governance can be found in our 2022 Sustainability Report, published October 2023, available on our website at www.targaresources.com/sustainability.
(2) Highlights represent 2022 performance over base year of 2021.

ESG Approach

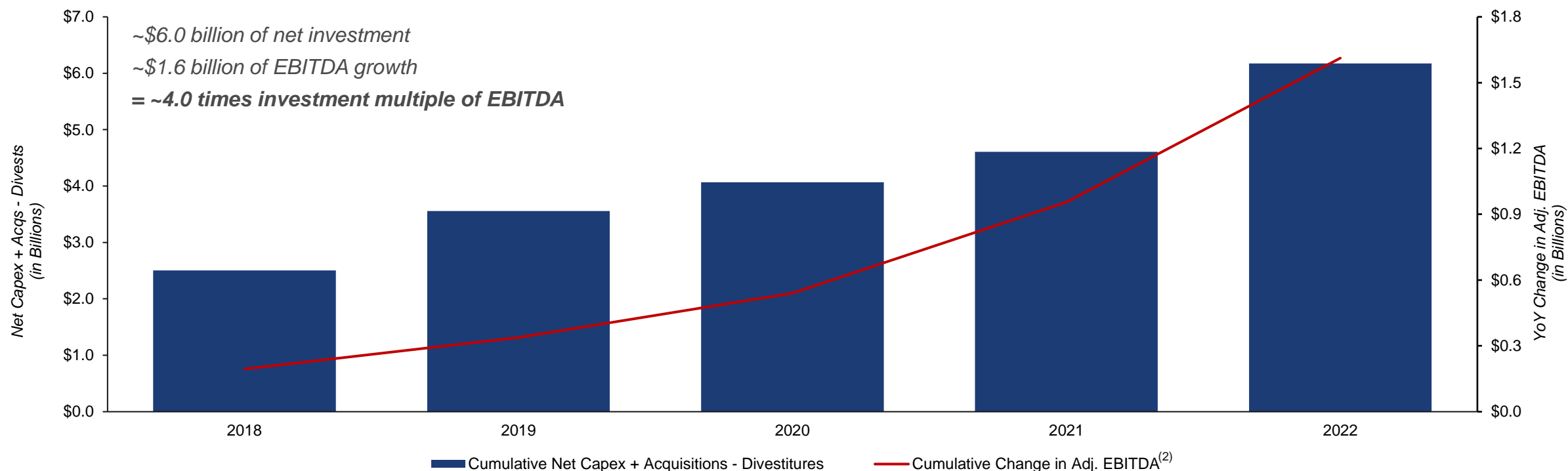
ESG responsibilities are integrated across all levels of our business structure, guided by a well-defined framework of roles and responsibilities



Strength of Assets and Fundamentals Drives Strong Returns

Investing in high-return projects across cycles expected to continue to drive increasing shareholder returns

~26% Return on Invested Capital⁽¹⁾



(1) ROIC = (Cumulative Change in Adjusted EBITDA) / (Cumulative Capex + Acquisitions – Divestitures); excludes acquisition capital and adjusted EBITDA associated with 2022 Delaware Basin Acquisition.

(2) Adjusted EBITDA is a non-GAAP measure. Please see the section of this presentation entitled “Non-GAAP Financial Measures” for a discussion of adjusted EBITDA and a reconciliation of such measure to its most directly comparable GAAP financial measure.

Key Takeaways: Targa's Compelling Investment Proposition

>> *Growing EBITDA*

>> *Increasing Dividend*

>> *Reducing Share Count*



Valuable infrastructure assets backed by primarily fee-based contracts



Significant adjusted EBITDA growth expected YoY and long-term



Strong, flexible, investment grade balance sheet



Increasing return of capital to shareholders expected YoY and long-term



Included in the S&P 500



Appendix and Reconciliations



Hedge Disclosures

Hedges provide cash flow stability and reduce exposure to commodity prices on non fee-based G&P contract exposure

FIXED PRICE SWAPS	Volumes Hedged		Wtd. Avg. Hedge Price	
	4Q23		2024	
Natural Gas (MMBtu/d; \$/MMBtu)	153,803	\$2.91	105,377	\$3.01
Wtd Avg NGL (Bbl/d; \$/Gal) ⁽¹⁾	42,072	\$0.67	28,492	\$0.63
WTI Crude Oil (Bbl/d; \$/Bbl)	6,379	\$73.01	4,531	\$71.75

⁽¹⁾ Targa's composite NGL barrel comprises 43% ethane, 32% propane, 12% normal butane, 4% isobutane and 9% natural gasoline.

Non-GAAP Financial Measures

This presentation includes the Company's non-GAAP financial measures: adjusted EBITDA, distributable cash flow, and adjusted free cash flow. The following tables provide reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures.

The Company utilizes non-GAAP measures to analyze the Company's performance. Adjusted EBITDA, distributable cash flow, adjusted free cash flow and adjusted operating margin (segment) are non-GAAP measures. The GAAP measures most directly comparable to these non-GAAP measures are income (loss) from operations, Net income (loss) attributable to Targa Resources Corp. and segment operating margin. These non-GAAP measures should not be considered as an alternative to 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 income and segment operating margin, 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

The Company defines adjusted EBITDA as Net income (loss) attributable to Targa Resources Corp. 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 cash interest expense on debt obligations, cash tax (expense) benefit and maintenance capital expenditures (net of any reimbursements of project costs). 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.

Non-GAAP Measures Reconciliation

	Year Ended December 31,					
	2022	2021	2020	2019	2018	2017
	(In millions)					
Reconciliation of Net income (loss) attributable to Targa Resources Corp. to Adjusted EBITDA, Distributable Cash Flow and Adjusted Free Cash Flow						
Net income (loss) attributable to Targa Resources Corp.	\$ 1,195.5	\$ 71.2	\$ (1,553.9)	\$ (209.2)	\$ 1.6	\$ 54.0
Income attributable to TRP preferred limited partners	-	-	15.1	11.3	11.3	11.3
Interest (income) expense, net (1)	446.1	387.9	391.3	337.8	185.8	233.7
Income tax expense (benefit)	131.8	14.8	(248.1)	(87.9)	5.5	(397.1)
Depreciation and amortization expense	1,096.0	870.6	865.1	971.6	815.9	809.5
Impairment of long-lived assets	-	452.3	2,442.8	225.3	-	378.0
Impairment of goodwill					210.0	
(Gain) loss on sale or disposition of business and assets	(9.6)	2.0	58.4	71.1	(0.1)	15.9
Write-down of assets	9.8	10.3	55.6	17.9	-	-
(Gain) loss from financing activities (2)	49.6	16.6	(45.6)	1.4	2.0	16.8
(Gain) loss from sale of equity-method investment	(435.9)	-	-	(69.3)	-	-
Transaction costs related to business acquisition (3)	23.9	-	-	-	-	5.6
Equity (earnings) loss	(9.1)	23.9	(72.6)	(39.0)	(7.3)	17.0
Distributions from unconsolidated affiliates and preferred partner interests, net	27.2	116.5	108.6	61.2	31.5	18.0
Change in contingent considerations	-	0.1	(0.3)	8.7	(8.8)	(99.6)
Compensation on equity grants	57.5	59.2	66.2	60.3	56.3	42.3
Risk management activities (4)	302.5	116.0	(228.2)	112.8	8.5	10.0
Severance and related benefits (5)	-	-	6.5	-	-	-
Noncontrolling interests adjustments (6)	15.8	(89.4)	(224.3)	(38.5)	(21.1)	(18.6)
Adjusted EBITDA (7)	\$ 2,901.1	\$ 2,052.0	\$ 1,636.6	\$ 1,435.5	\$ 1,291.1	\$ 1,096.8
Distributions to TRP preferred limited partners	-	-	(15.1)	(11.3)	(11.3)	(11.3)
Splitter Agreement (8)	-	-	-	-	43.0	43.0
Interest expense on debt obligations (9)	(447.6)	(376.2)	(388.9)	(342.1)	(252.5)	(224.3)
Maintenance capital expenditures, net (10)	(168.1)	(131.7)	(104.2)	(134.9)	(127.9)	(99.1)
Cash taxes (11)	(6.7)	(2.7)	44.4	-	-	46.7
Distributable Cash Flow	\$ 2,278.7	\$ 1,541.4	\$ 1,172.8	\$ 947.2	\$ 942.4	\$ 851.8
Growth capital expenditures, net (10)	(1,177.2)	(407.7)	(597.9)	(2,281.7)	(1,320.0)	(562.0)
Adjusted Free Cash Flow	\$ 1,101.5	\$ 1,133.7	\$ 574.9	\$ (1,334.5)	\$ (377.6)	\$ 289.8

- (1) Includes the change in estimated redemption value of the mandatorily redeemable preferred interests.
- (2) Gains or losses on debt repurchases or early debt extinguishments.
- (3) Includes financial advisory, legal and other professional fees, and other one-time transaction costs.
- (4) Risk management activities related to derivative instruments including the cash impact of hedges acquired in the 2015 mergers with Atlas Energy L.P. and Atlas Pipeline Partners L.P. The cash impact of the acquired hedges ended in December 2017.
- (5) Represents one-time severance and related benefit expense related to the Company's cost reduction measures.
- (6) Noncontrolling interest portion of depreciation and amortization expense (including the effects of the impairment of long-lived assets on non-controlling interests).
- (7) Beginning in the second quarter of 2019, we revised our reconciliation of Net Income (Loss) attributable to TRC to Adjusted EBITDA to exclude the Splitter Agreement adjustment previously included in the comparative periods presented herein. For all comparative periods presented, our Adjusted EBITDA measure previously included the Splitter Agreement adjustment, which represented the recognition of the annual cash payment received under the condensate splitter agreement ratably over four quarters. The effect of these revisions reduced TRC's Adjusted EBITDA by \$75.2 million and \$43.0 million for 2018 and 2017. There was no impact to Distributable Cash Flow.
- (8) In Distributable Cash Flow, Splitter Agreement represents the annual cash payment in the period received.
- (9) Excludes amortization of interest expense.
- (10) Represents capital expenditures, net of contributions from noncontrolling interests and includes net contributions to investments in unconsolidated affiliates.
- (11) Includes an adjustment, reflecting the benefit from net operating loss carryback to 2015 and 2014, which was recognized over the periods between the third quarter 2016 recognition of the receivable and the anticipated receipt date of the refund. The refund, previously expected to be received on or before the fourth quarter of 2017, was received in the second quarter of 2017. The remaining \$20.9 million unamortized balance of the tax refund was therefore included in Distributable Cash Flow in the second quarter of 2017. Also includes a refund of Texas margin tax paid in previous periods and received in 2017.

Non-GAAP Measures Reconciliation

	<u>Full Year 2023E</u>	
	(in millions)	
Reconciliation of Estimated Net Income attributable to Targa Resources Corp. to Estimated Adjusted EBITDA		
Net income attributable to Targa Resources Corp.	\$	1,403.0
Interest expense, net		700.0
Income tax expense		400.0
Depreciation and amortization expense		1,320.0
Equity earnings		(10.0)
Distributions from unconsolidated affiliates		25.0
Compensation on equity grants		60.0
Risk management and other ⁽¹⁾		(293.0)
Noncontrolling interests adjustments ⁽²⁾		(5.0)
Estimated Adjusted EBITDA	\$	3,600.0

- (1) Other includes litigation charges related to litigation resulting from the major winter storm in February 2021 that the Company considers outside the ordinary course of its business and/or not reflective of its ongoing core operations. The Company may incur such charges from time to time, and the Company believes it is useful to exclude such charges because it does not consider them reflective of its ongoing core operations and because of the generally singular nature of the claims underlying such litigation.
- (2) Noncontrolling interest portion of depreciation and amortization expense.



TARGA

Targa is a leading provider of midstream services and is one of the largest independent midstream infrastructure companies in North America. Our operations are critical to the efficient, safe, and reliable delivery of energy across the United States and increasingly to the world. Our assets connect natural gas and natural gas liquids (NGLs) to domestic and international markets with growing demand for cleaner fuels and feedstocks.

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