



Investor Presentation

May 2024 | TARGA RESOURCES CORP.



Forward Looking Statements

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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, actions by the Organization of the Petroleum Exporting Countries (“OPEC”) and non-OPEC oil producing countries, 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 timing and success of our completion of capital projects and business development efforts, the expected growth of volumes on our systems, the impact of pandemics or any other public health crises, commodity price volatility due to ongoing or new global conflicts, 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, 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.

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

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

Premier Integrated Wellhead to Water Position

- Largest gatherer and processor in the Permian Basin
- Drives integrated returns through NGL pipeline transportation, fractionation and LPG exports

Leading EBITDA Growth + Investment Grade Balance Sheet

- Industry leading EBITDA growth
- 90% fee-based⁽¹⁾ with limited direct commodity price exposure

Accelerating Return of Capital to Shareholders

- Increasing return of capital
- +50% YoY increase to 2024 common dividend
- Active opportunistic common share repurchase program

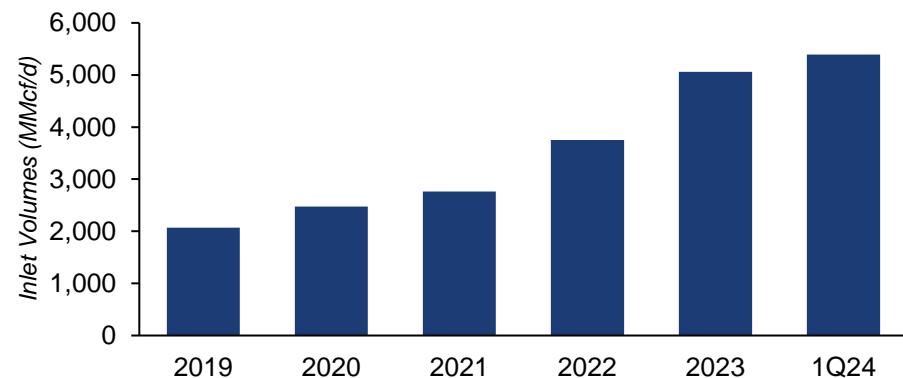
⁽¹⁾ Fee-based profile based on fully consolidated 2024E adjusted operating margin.

Track Record of Growth

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

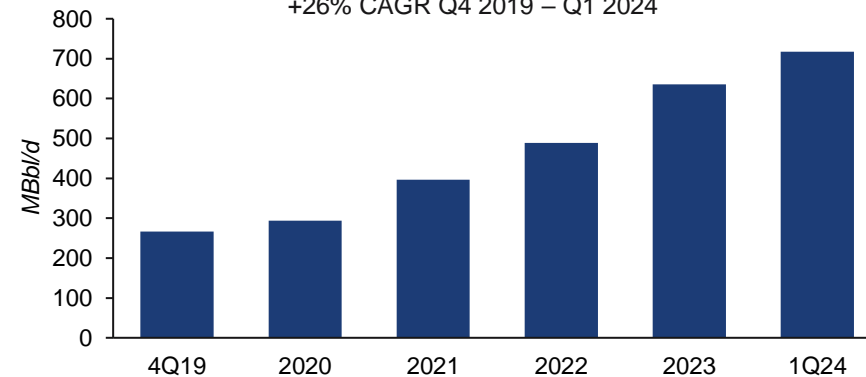
Permian Natural Gas Inlet Volumes⁽¹⁾

+25% CAGR FY 2019 – Q1 2024



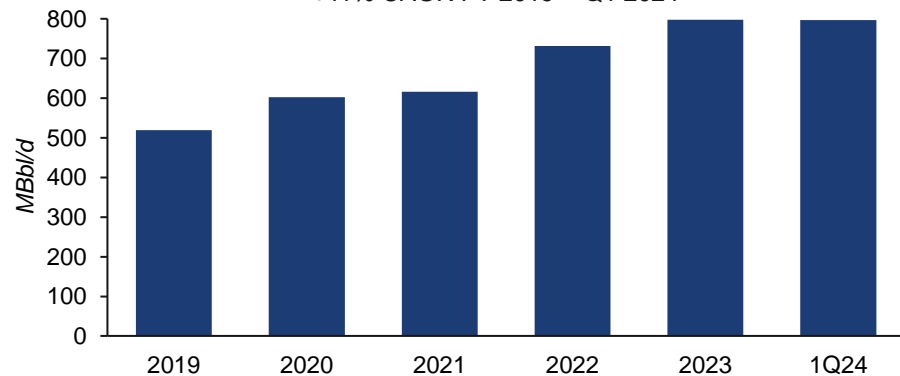
NGL Pipeline Transportation⁽¹⁾⁽²⁾

+26% CAGR Q4 2019 – Q1 2024



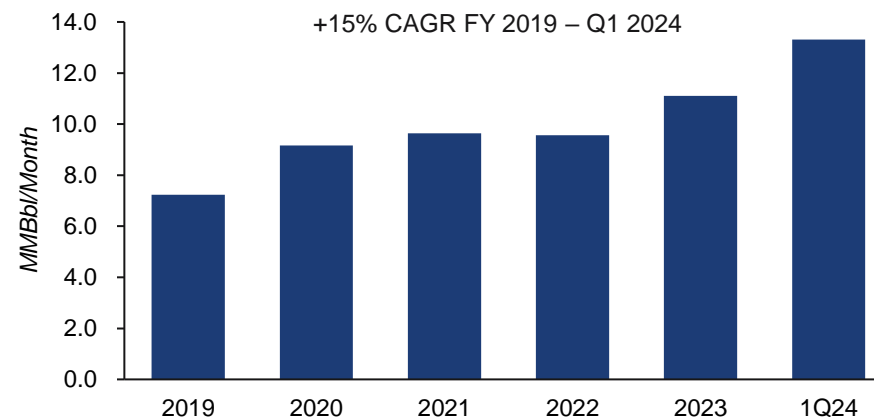
Fractionation Volumes⁽¹⁾

+11% CAGR FY 2019 – Q1 2024



LPG Export Volumes⁽¹⁾

+15% CAGR FY 2019 – Q1 2024

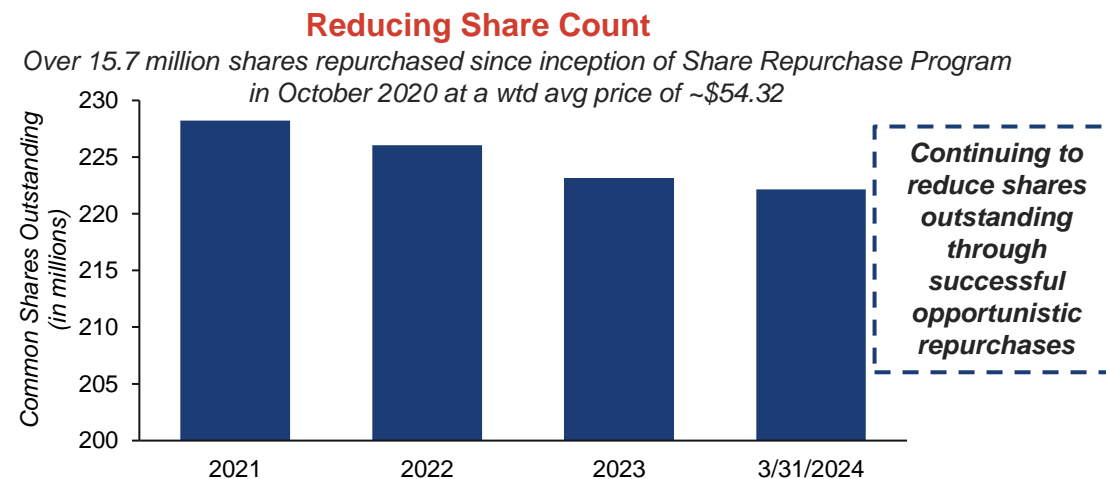
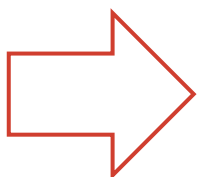
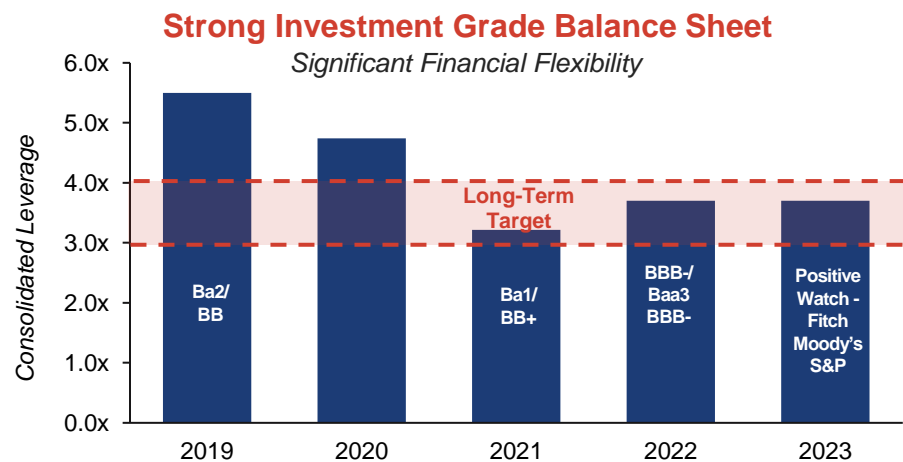
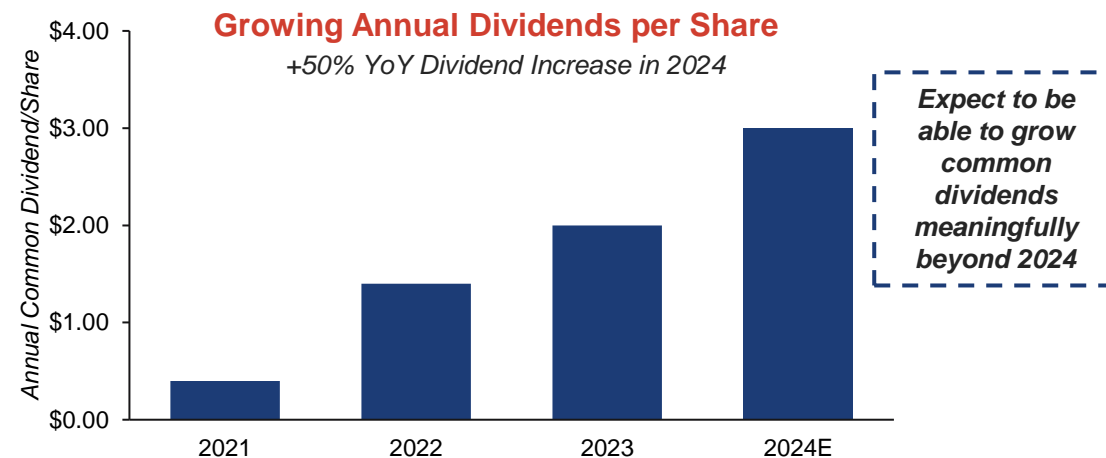
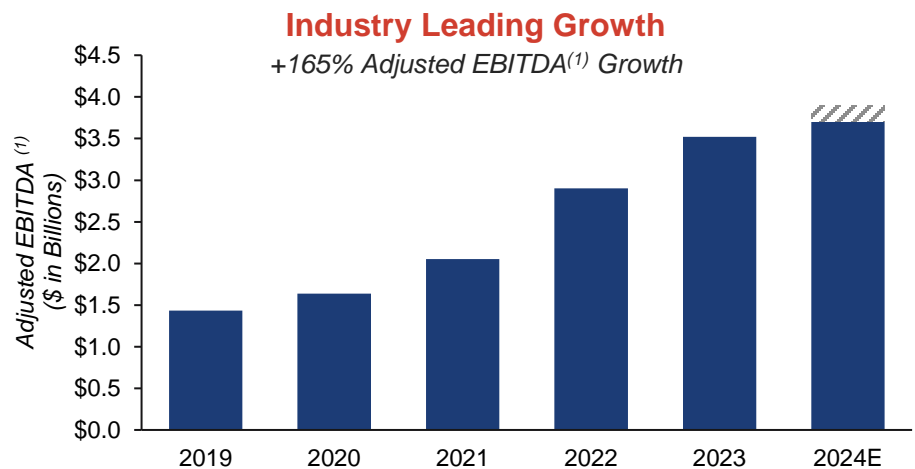


(1) Operational metrics represent average annual volumes.

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

...Driving Increasing Return of Capital

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



S&P upgraded to BBB in February 2024

Guidance Range

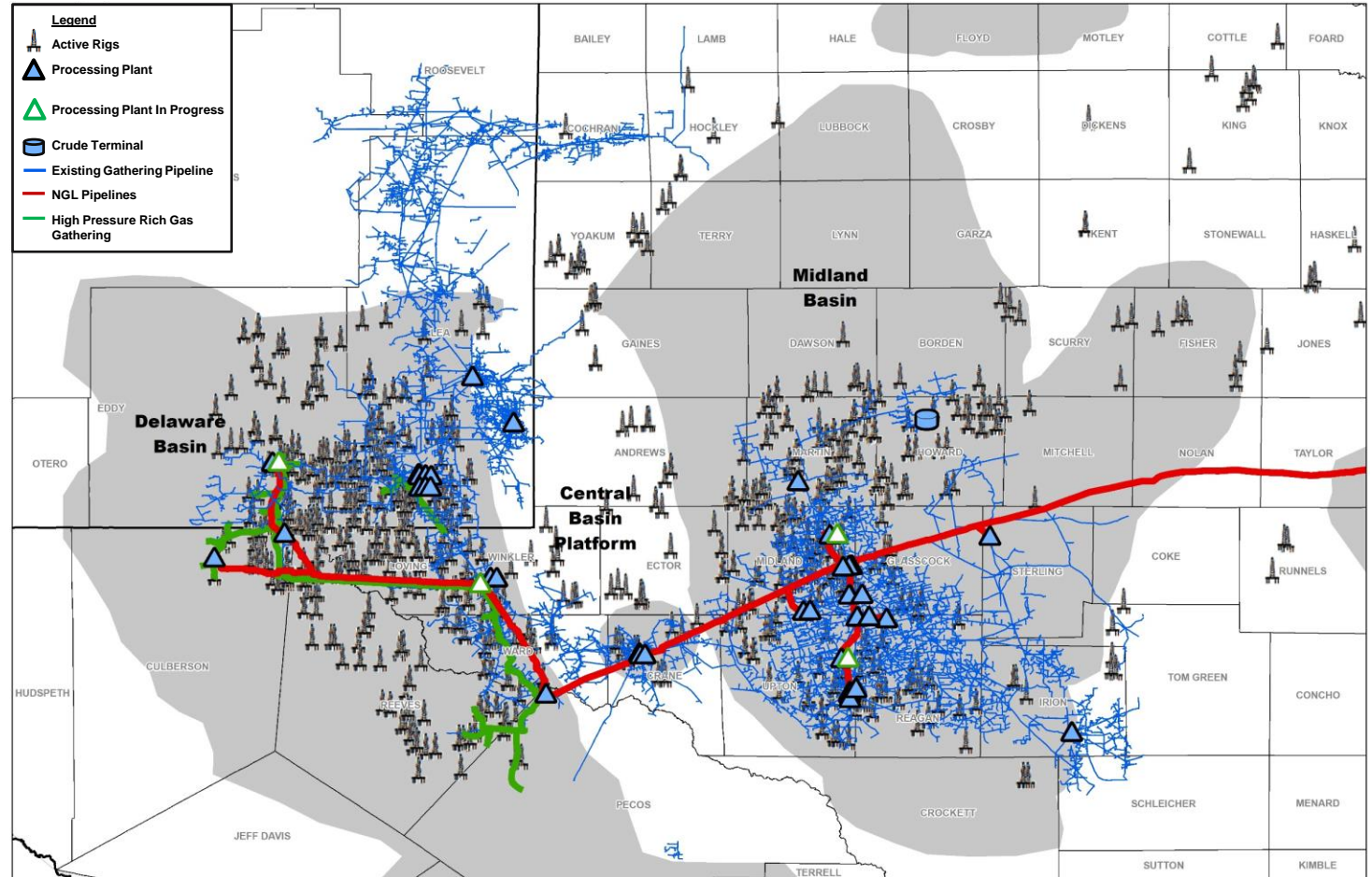
(1) Adjusted EBITDA is a non-GAAP measure. Please see the section of this presentation entitled "Non-GAAP Financial Measures" for a discussion of adjusted EBITDA and a reconciliation of such measure to its most directly comparable GAAP financial measure. Adjusted EBITDA growth based on midpoint of projected 2024E adjusted EBITDA range compared to 2019 adjusted EBITDA.

Targa's Premier Permian Asset Footprint

- Best-in-class producer customers
- Several million dedicated acres
- Decades of core drilling inventory
- Largest multi-plant, multi-system G&P footprint
- Integrated with Targa's NGL business

7.7 Bcf/d⁽¹⁾

39 plants
 Midland capacity ~4.1 Bcf/d
 Delaware capacity ~3.6 Bcf/d



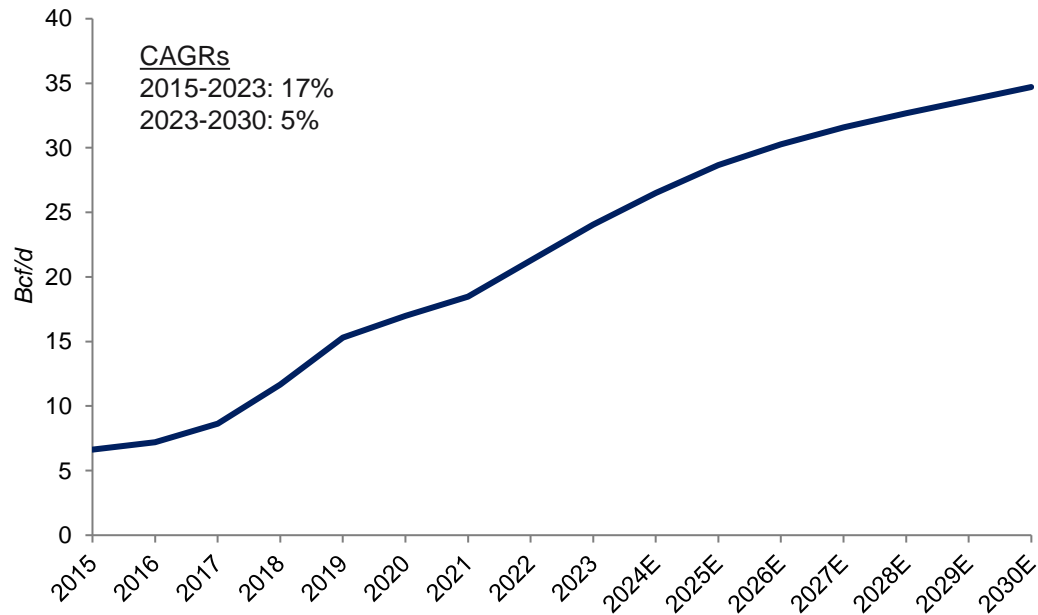
Source: Enverus; rigs as of 4/22/2024.

(1) Gross processing capacity; includes Roadrunner II plant expected in Q2 2024, Greenwood II plant expected in Q4 2024, Bull Moose plant expected in Q2 2025, Pembroke II plant expected in Q4 2025.

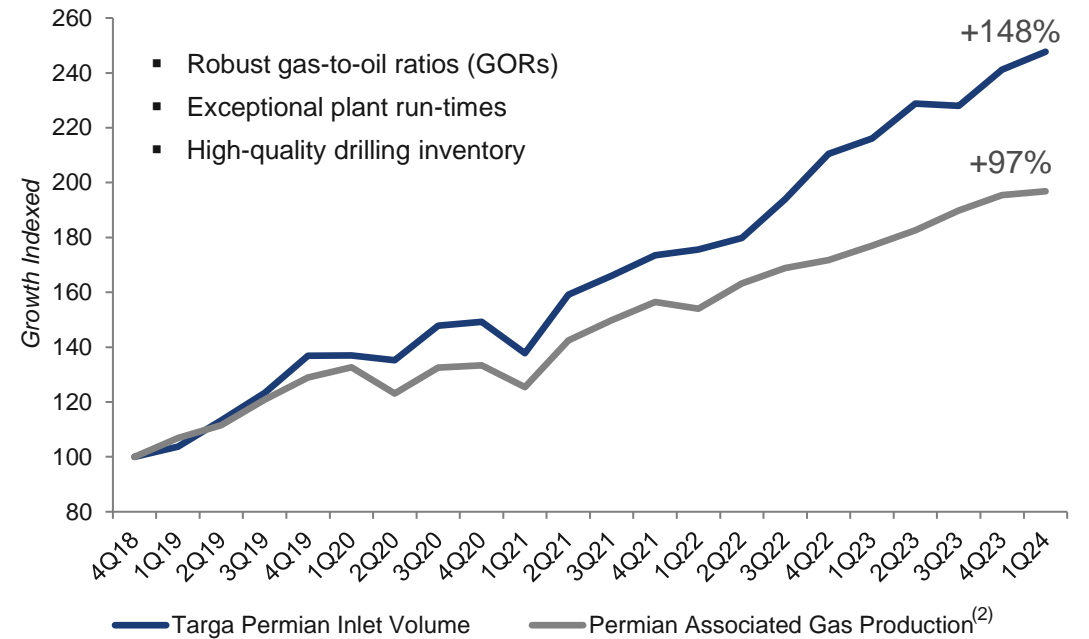
Permian Basin Fundamentals

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

Gross Natural Gas Production Forecast⁽¹⁾



Targa Outperforming Permian Basin Production Curve



~60%

of Lower 48 US shale rigs are in the Permian Basin⁽³⁾

~80%

of Targa's field natural gas inlet volumes sourced from the Permian

(1) Source: BTU Analytics – April 2024. Estimate for 2030 assumes crude oil production grows 2% in 2030 and that GORs increase by 1%.

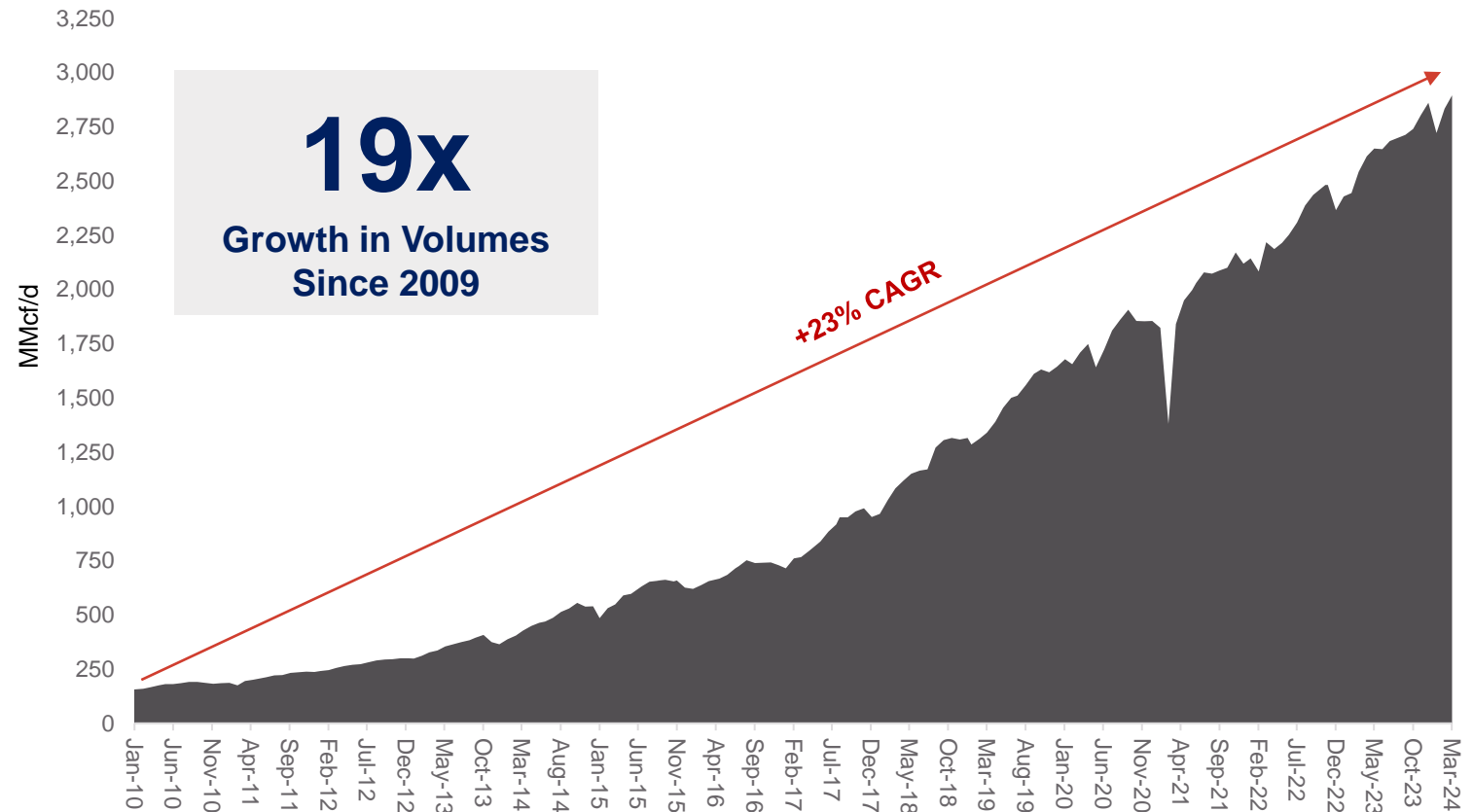
(2) Source: EIA Drilling Productivity Report – April 2024.

(3) Source: Baker Hughes, as of 4/19/2024.

Targa's Differentiated Permian Position

- Targa's Midland Basin system exhibits best-in-class track record of growth in the United States
- Targa's Midland and Delaware Basin footprints are largely supported by low-pressure gathering
- This infrastructure is difficult to replicate and provides long-term security of supply
 - › Millions of dedicated acres
 - › Connected to thousands of receipt points to aggregate supply
 - › Over 14,000 miles of natural gas gathering pipelines across the Permian
 - › 2.5+ million horsepower of owned and leased compression across the Permian

Targa's Midland Basin Natural Gas Inlet Volumes⁽¹⁾



⁽¹⁾ Represents Targa's WestTX system in Permian Midland (gross volumes).

Targa's 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

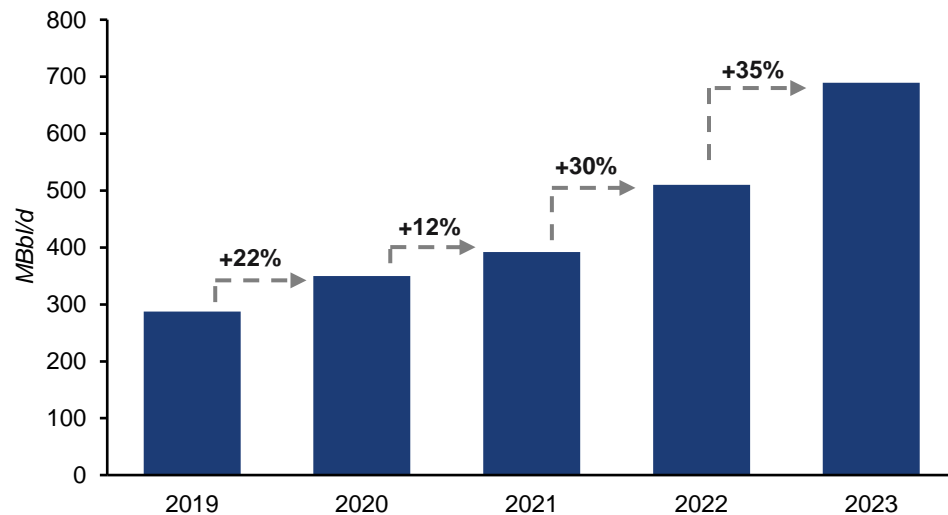
Targa's Assets are Positioned for Long-Term Success

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

NGL Production Feeds Logistics & Transportation Assets

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

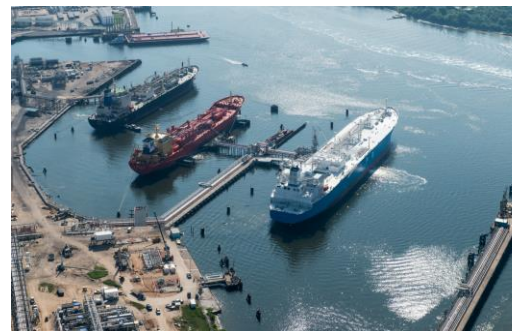
Significant NGLs from Targa's Permian Plants



- Largest daily mover of NGLs in the Permian Basin
- Targa transports NGL production from its G&P plants and third parties to its fractionation complex in Mont Belvieu

Targa's NGL Transportation Pipelines

- Grand Prix and Daytona NGL pipelines connect supply to Targa Downstream assets in Mont Belvieu
- Positioned to benefit from growth in Permian supply



Targa's Premier Fractionation Position

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

Targa's LPG Export Business

- Critical source of cleaner fuels for developing nations
- Connected to fractionation, storage, supply/market interconnectivity

2024 Outlook (as presented in February 2024)

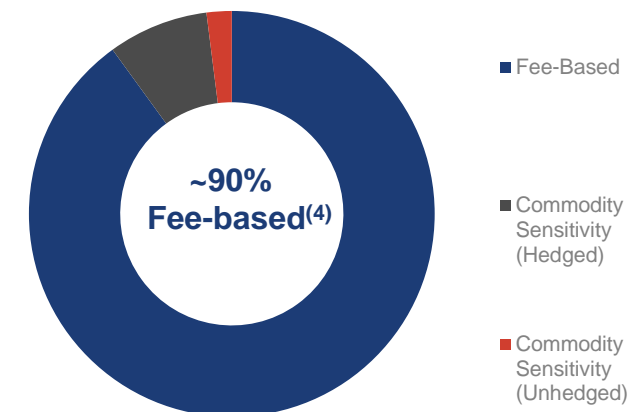
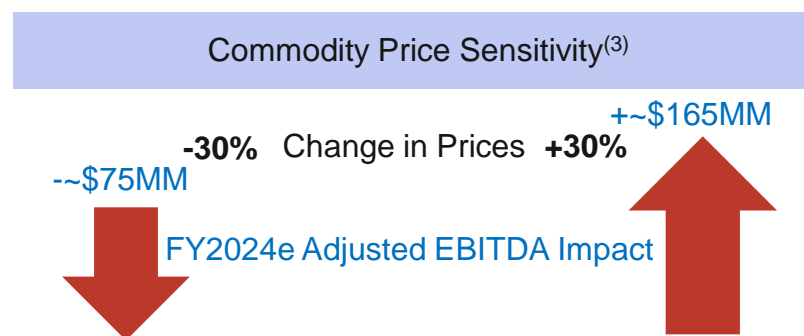
Increasing system volumes drive strong projected growth in Adjusted EBITDA

+8% YoY growth in Adjusted EBITDA driven by:

2024 ESTIMATES	
Adjusted EBITDA ⁽¹⁾	\$3,700 - \$3,900 million
Net Growth Capex	\$2,300 - \$2,500 million
Net Maintenance Capex	\$225 million

- ✓ Continued Permian volume growth
- ✓ Higher G&P and L&T system volumes
- ✓ FY contributions from system expansions completed in 2023 and expansions coming online in 2024

2024 Commodity Price Assumptions	
Waha Natural Gas (\$/MMBtu)	\$1.80
Wtd Avg NGL (\$/Gal) ⁽²⁾	\$0.65
WTI Crude Oil (\$/Bbl)	\$75.00



(1) Adjusted EBITDA is a non-GAAP measure. Year over year growth based on midpoint of projected 2024 adjusted EBITDA range. 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.


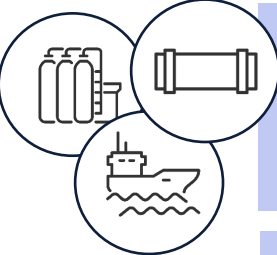
(2) Targa's composite NGL barrel comprises 44% ethane, 32% propane, 11% normal butane, 4% isobutane and 9% natural gasoline.

(3) Commodity price sensitivity for 2024E inclusive of a number of factors, including unhedged exposure, fee floor arrangements and any associated fee floor hedges, NGL barrel composition and recovery economics. Price sensitivity only; assumes no volume or other operational changes.

(4) Fee-based profile based on fully consolidated 2024E adjusted operating margin.

Illustrative Capital Spending Summary

Illustrative \$1.7B of average annual capital spending at ~5.5x multiple drives ~\$300MM+ of YoY increasing EBITDA

		Estimated Growth Capex to Maintain Current Volumes ⁽¹⁾	Estimated Growth Capex to Support Continued Permian Growth ⁽²⁾	
 Gathering & Processing	Maintain Volumes	~\$250MM	~\$250MM	▪ Gathering, compression, treating
	Field Growth & Other	–	~\$450MM	▪ Additional gathering, compression, treating
	Plant Growth	–	~\$400MM	▪ 2 plants per year
 Logistics & Transportation	Connects, etc.	~\$50MM	~\$50MM	▪ NGL product connectivity
	NGL Transport, Frac & Exports	–	~\$550MM	▪ Average spend for incremental transport, frac, and export capacity and could be lumpy depending on timing of spend
Total		~\$300MM	~\$1,700MM	

Current expectations for 2025 net growth capital is ~\$1.4 billion as key downstream expansions are completed by early 2025, driving downstream spending below multi-year average in 2025

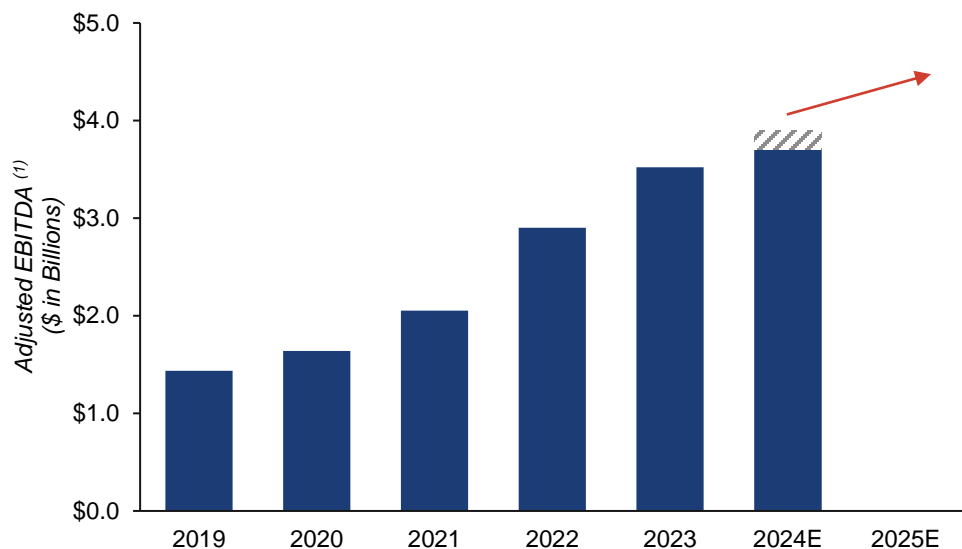
(1) Estimated growth capital spending to maintain current Targa Permian inlet gas volumes.

(2) Estimated growth capital spending to support continued annual high single digit percentage growth in Targa Permian inlet gas volumes.

EBITDA Growth Outlook and Ramping FCF Profile

Permian volume growth outlook and the completion of integrated NGL projects drive compelling adjusted FCF⁽¹⁾ outlook

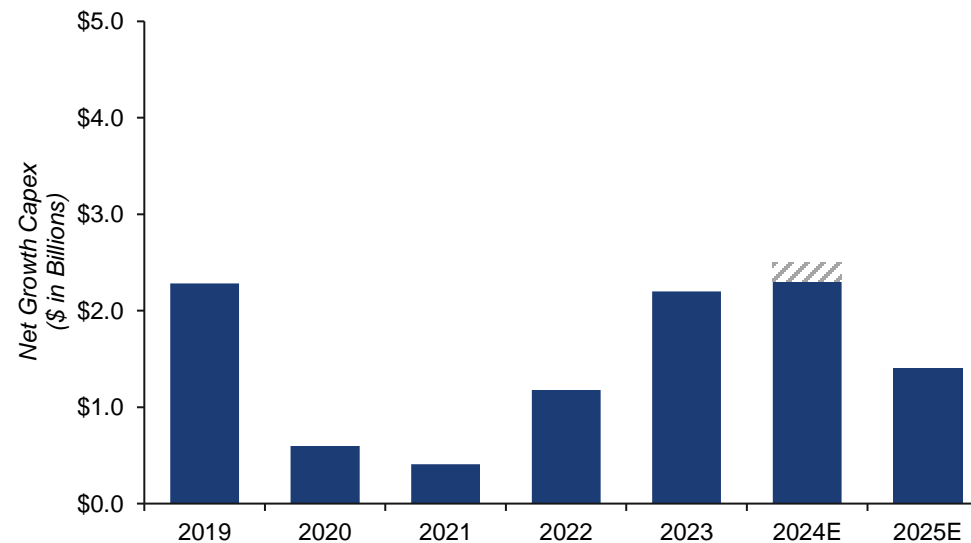
Industry Leading Adjusted EBITDA Growth⁽¹⁾



- Projected +165% adjusted EBITDA growth 2019 – 2024E⁽²⁾
- Anticipate continued growth in adjusted EBITDA beyond 2024 driven by Permian volume growth

Guidance Range

Capex Meaningfully Steps Down in 2025



- Current estimate for 2025 growth capital is ~\$1.4 billion
- Benefit from operating leverage from NGL fractionation and pipeline transportation additions in 2024 and early 2025

⁽¹⁾ Adjusted EBITDA and adjusted Free Cash Flow (FCF) are non-GAAP measures. Please see the section of this presentation entitled "Non-GAAP Financial Measures" for a discussion of adjusted EBITDA and adjusted free cash flow (FCF) and a reconciliation to their respective most directly comparable GAAP financial measure.

⁽²⁾ Projected adjusted EBITDA growth based on midpoint of projected 2024E adjusted EBITDA range over 2019 adjusted EBITDA.

Strong Growth Supports Increasing Return of Capital

Completion of announced growth projects expected to drive meaningful ramp in adjusted FCF⁽¹⁾ profile



Continued adjusted EBITDA⁽¹⁾ growth + meaningful step down in capex = Significant adjusted FCF

Growing EBITDA

- Permian growth drives increasing system volumes, driving strong EBITDA growth outlook
- Increasing cash flow contributions from large capital projects underway

Lower Capital Spending

- Meaningful step down in 2025E growth capex attributable to completion of NGL transportation and fractionation expansions

Increasing Return of Capital

- Expect to be able to grow common dividends meaningfully beyond 2024, complemented with active opportunistic share repurchase program

Strong Balance Sheet

- Expect leverage comfortably in the long-term leverage target ratio range of 3.0 – 4.0x

⁽¹⁾ Adjusted EBITDA and adjusted Free Cash Flow (FCF) are non-GAAP measures. Please see the section of this presentation entitled "Non-GAAP Financial Measures" for a discussion of adjusted EBITDA and adjusted free cash flow (FCF) and a reconciliation to their respective most directly comparable GAAP financial measure.



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.

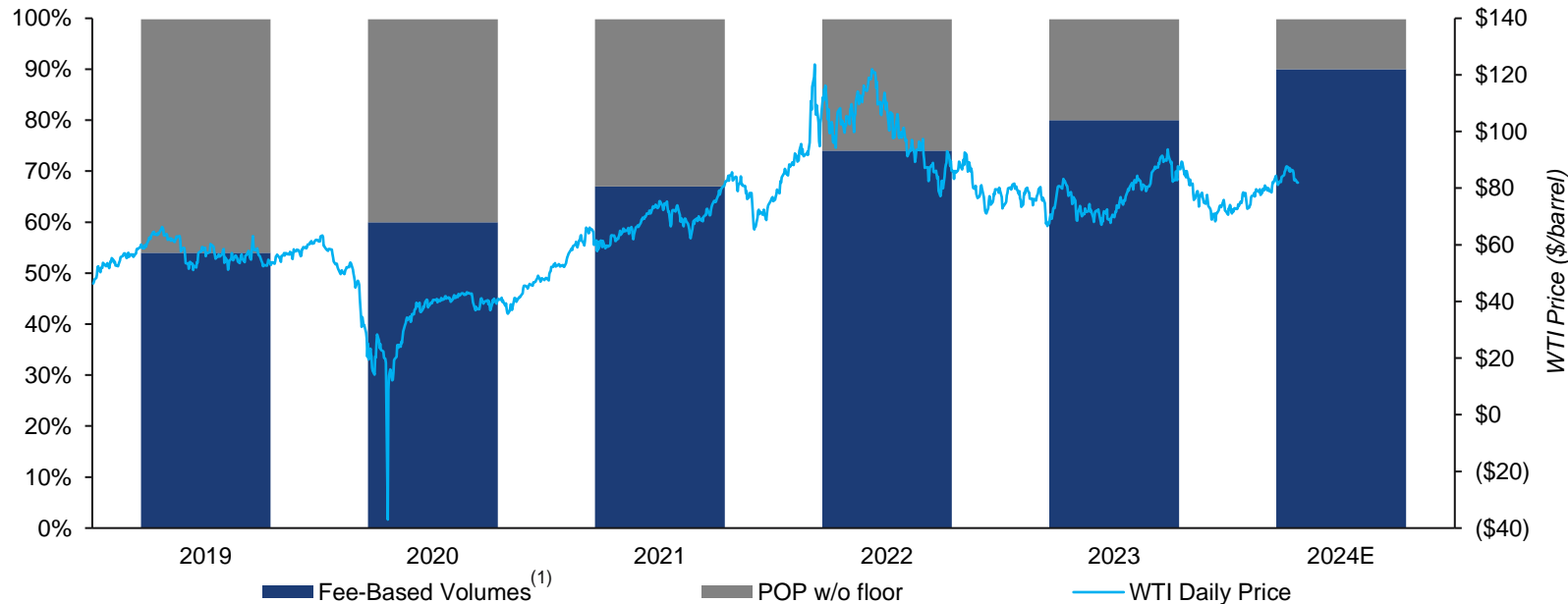
**Enhance Capital Return to Shareholders
Through Meaningful Dividend Growth and Opportunistic Share Repurchases**



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

Total G&P Contract Mix (Based on Volume)



~90%

2024E Fee-Based Volumes in G&P

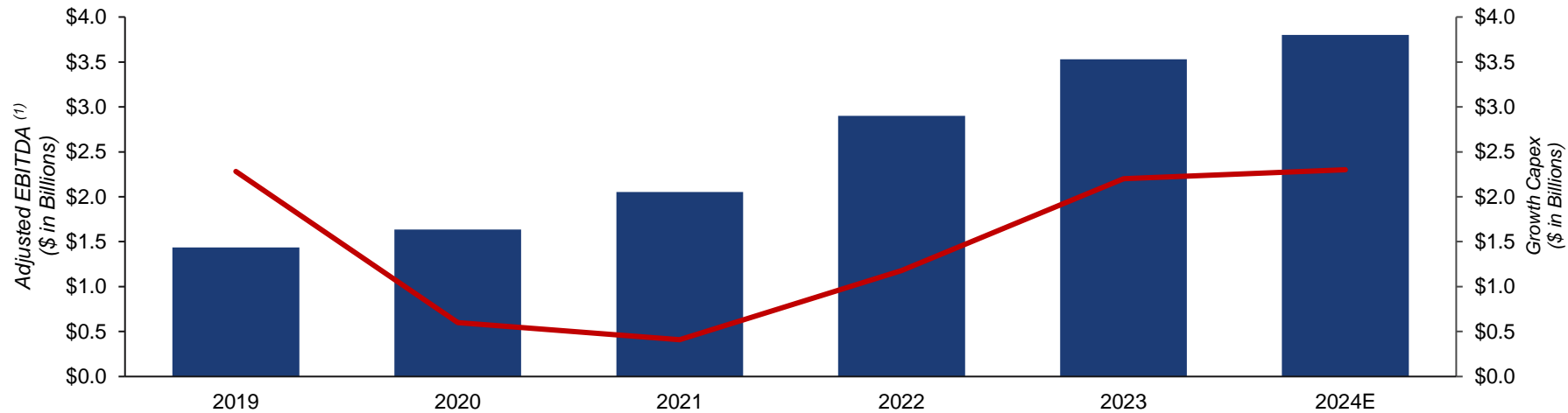
- Successful contract restructurings have bolstered stability in G&P business
- New commercial wins and recent acquisitions underpinned with fee-based structures
- G&P and Permian G&P volumes are now 90%+ fee-based⁽¹⁾
- New G&P investments backed with fee-based structures

(1) Fee-Based Volumes are inclusive of Percentage of Proceeds (PoP) 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 Track-Record of adjusted EBITDA Growth through Organic Growth and M&A;
New Organic Growth Projects Coming Online Underpin Expectations of 2024+ adjusted EBITDA Growth**



■ Adjusted EBITDA — Net Growth Capex

Projects In-Service

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

Projects In-Service

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

Projects In-Service

- 1 Permian Plant

Projects In-Service and M&A

- South Texas Acquisition
- Delaware Basin Acquisition
- 2 Permian Plants

Projects In-Service and M&A

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

Projects In-Service

- 2 Permian Plants
- Train 9 Frac
- GCF restart
- Daytona NGL Pipeline

2024+ EBITDA growth:

- ✓ New Permian plants currently underway and unannounced plants
- ✓ Train 10 (1Q25) and Train 11 (3Q26) fractionators
- ✓ Completed downstream expansions
- ✓ Prospective downstream expansions

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3. Leading Return of Capital Outlook

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

40-50%

Adjusted Cash Flow from Operations expected to be returned across multi-year horizon⁽¹⁾

Preserving financial flexibility to continue to invest in attractive integrated opportunities

+50%

YoY increase to quarterly cash dividend for 2024

Growth outlook supports meaningful annual increases to common dividend beyond 2024

Share Repurchases

Opportunistic common share repurchase program

Record annual \$374 million of common share repurchases in 2023

Repurchased \$124 million in 1Q24

Strong Balance Sheet

Estimated YE25 leverage comfortably in 3.0-4.0x long-term target range

⁽¹⁾ Adjusted cash flow from operations is a non-GAAP measure and is defined as adjusted EBITDA less cash interest expense on debt obligations and cash tax (expense) benefit. Please see the section of this presentation entitled "Non-GAAP Financial Measures".



Targa's Infrastructure Supported by Strong Fundamental Outlook



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
- 39 natural gas processing plants⁽¹⁾
- ~7.7 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

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

NGL Fractionation

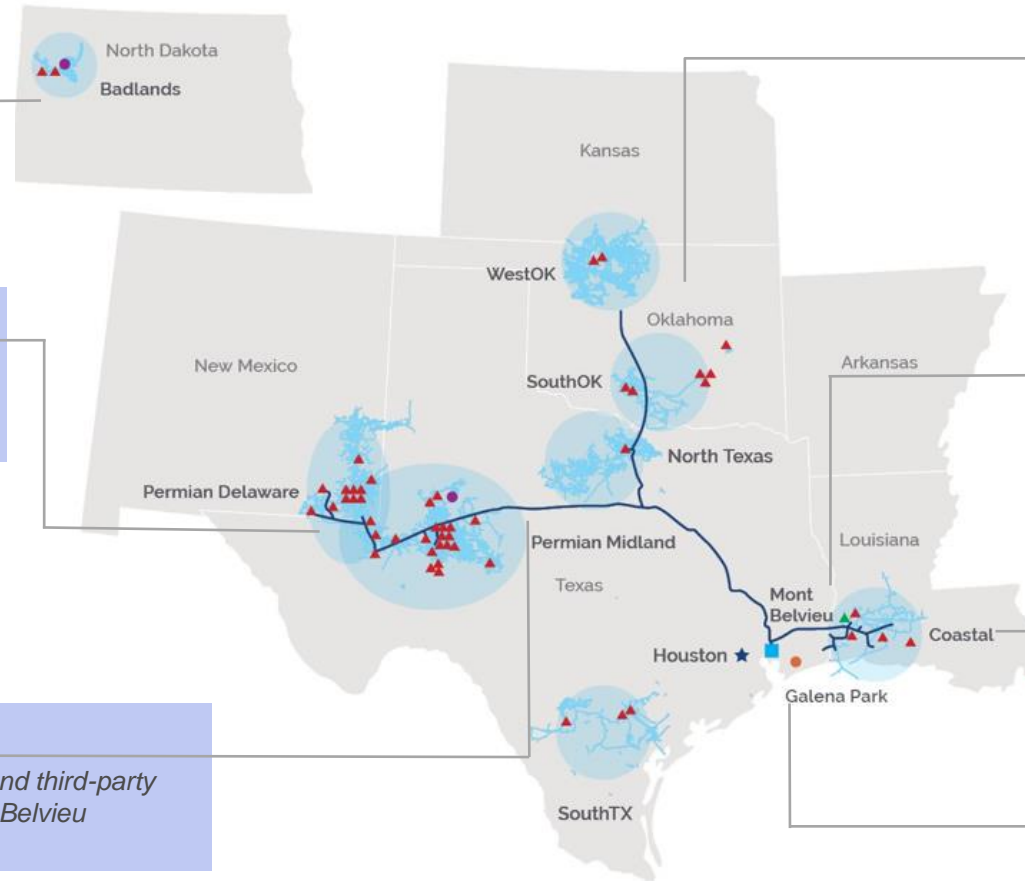
- One of the largest footprints in Mont Belvieu
- 11 fractionation trains
- ~1.3 MMBbl/d gross fractionation capacity⁽²⁾

Coastal Region Assets

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

LPG Export Services

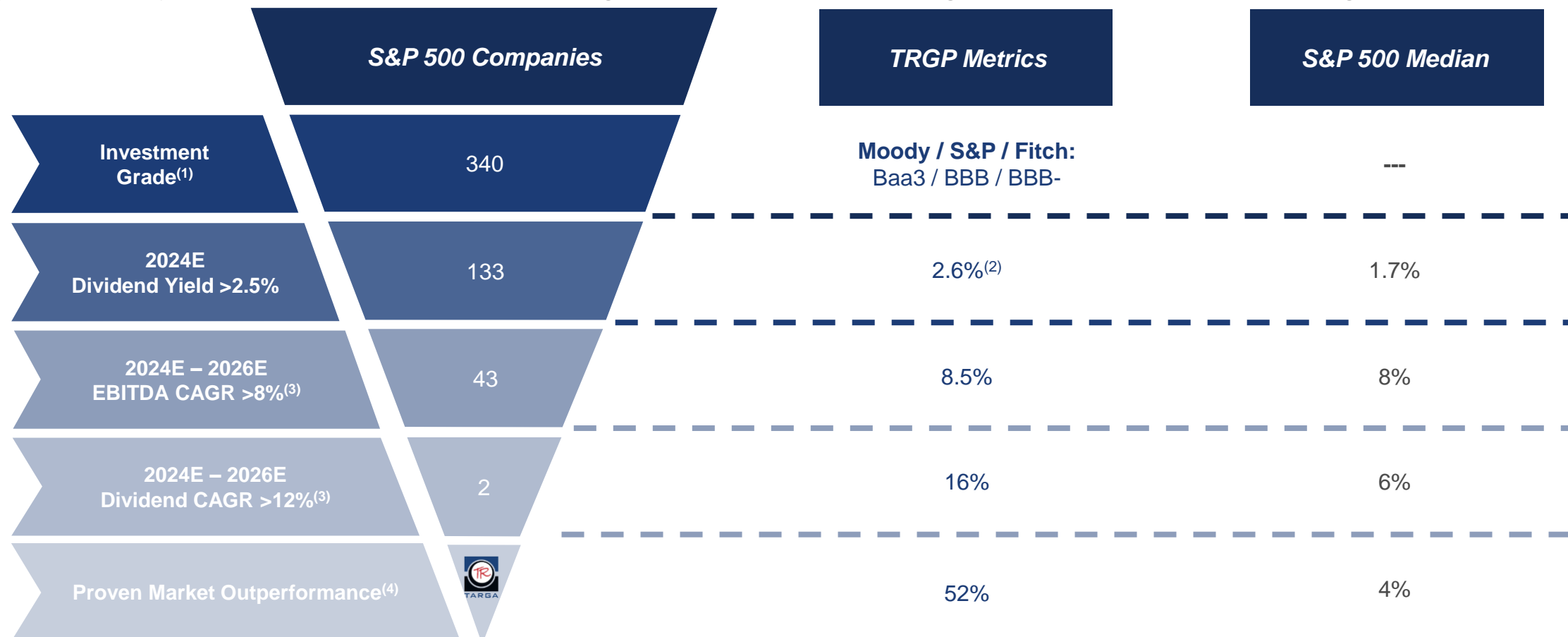
- One of the largest U.S. exporters of LPG
- ~13.5 MMBbl/month effective working capacity⁽³⁾



(1) Includes announced Permian Midland and Permian Delaware plant additions currently underway.
 (2) Includes 40 MBbl/d of back-end capacity, Train 9, 10 and 11 scheduled to be completed in Q2 2024, Q1 2025, and Q3 2026, respectively, and Targa's proportionate 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 vs. S&P 500

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



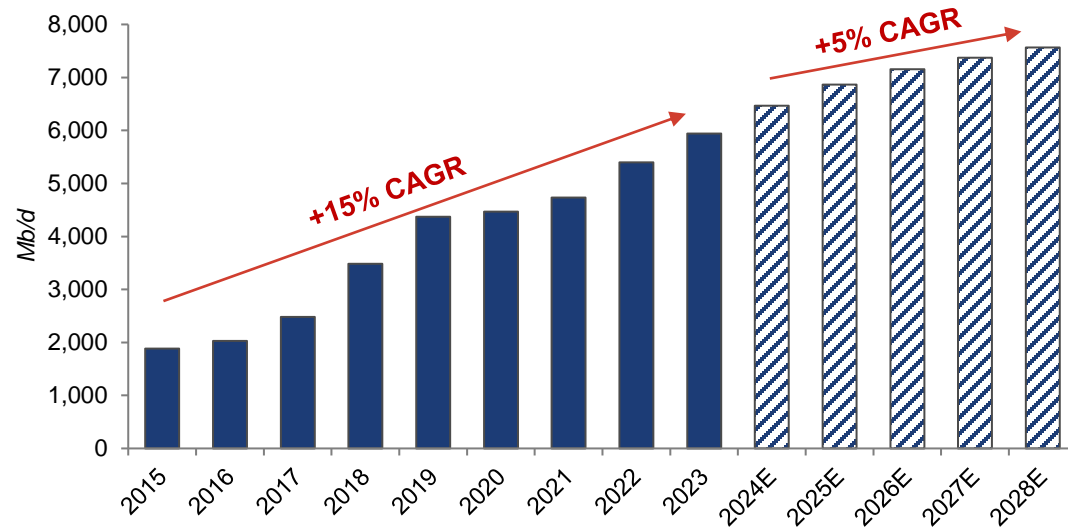
Source: FactSet, Bloomberg, and Company filings. Market Data as of 4/23/2024.

- (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 and closing price as of 4/23/24.
- (3) 2024E – 2026E EBITDA and Dividend CAGR based on consensus estimates.
- (4) Last 24 months share price performance > 30% as of 4/23/2024.

Permian Oil and Gas Volumes: Positioned for Continued Growth

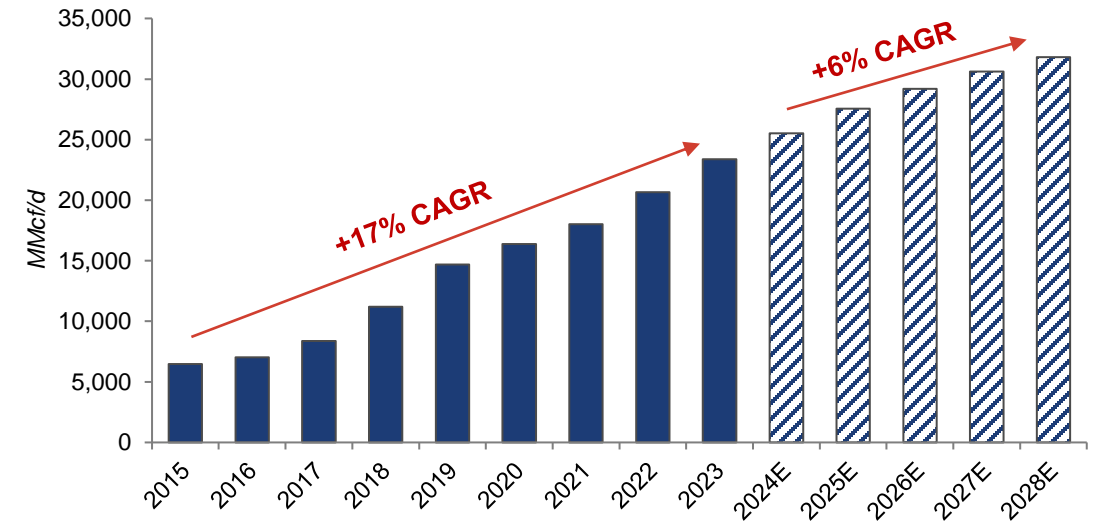
Permian Basin is a world-class resource and one of the most economic producing basins in the world

Permian Crude Oil Production



- Permian oil production has increased 15% CAGR since 2015
- ~60% of US shale rig activity is focused in the Permian Basin
- Production growth outlook backed by attractive producer inventory and depth of inventory

Permian Gross Natural Gas Production



- Permian gross gas production has increased 17% CAGR since 2015
- Robust GOR (gas-to-oil ratio) trend signals attractive associated gas production growth outlook

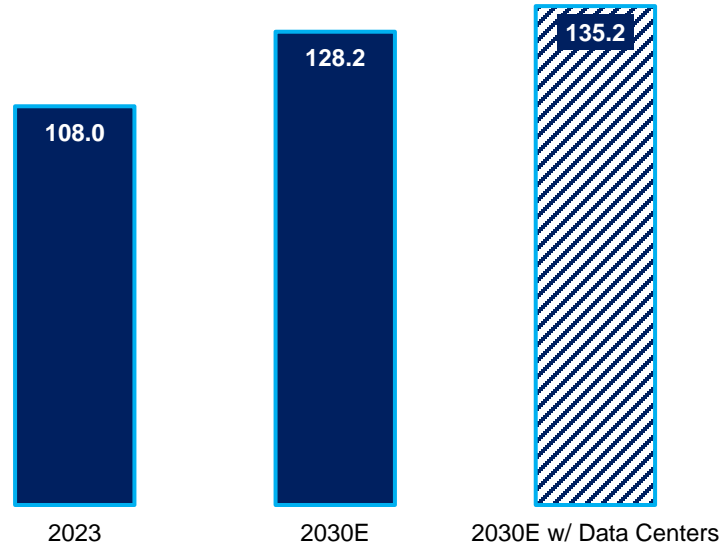
Source: EIA historical data; forecasted production represents research consensus including BTU Analytics, S&P Global, Wells Fargo and Wood Mackenzie estimates.

Natural Gas Demand Growth Outlook

Incremental production from the Permian and other shale basins will be needed to support increasing natural gas demand

- Lower 48 natural gas demand is expected to grow by ~20% through 2030 (~25% including projected data center demand)
- Natural gas to play a significant role in the supply stack going forward
 - › Increasing global demand for LNG
 - › Onshoring of U.S. manufacturing
 - › Electrification of oil and gas operations
 - › Growing electricity demand from data centers, crypto mining
 - › Natural gas baseload generation supports and enhances grid stability
- Demand growth supports continued investment in natural gas infrastructure

Total Lower 48 Natural Gas Demand (Bcf/d)



Source: Wood Mackenzie (April 2024), Wells Fargo (April 2024), and Targa Fundamentals. LNG feed gas includes an assumed 9% increase to account for LNG plant fuel which would otherwise be included in the industrial category.

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

- Currently adding +1.1 Bcf/d of gas processing capacity (+935 MMcf/d added in 2023) in the Permian in response to increasing production and to meet the infrastructure needs of producers

Expansion Project	Gross Capacity	Forecasted In-Service
Permian Midland		
Greenwood II plant	275 MMcf/d	4Q24
Pembrook II plant	275 MMcf/d	4Q25
Permian Delaware		
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

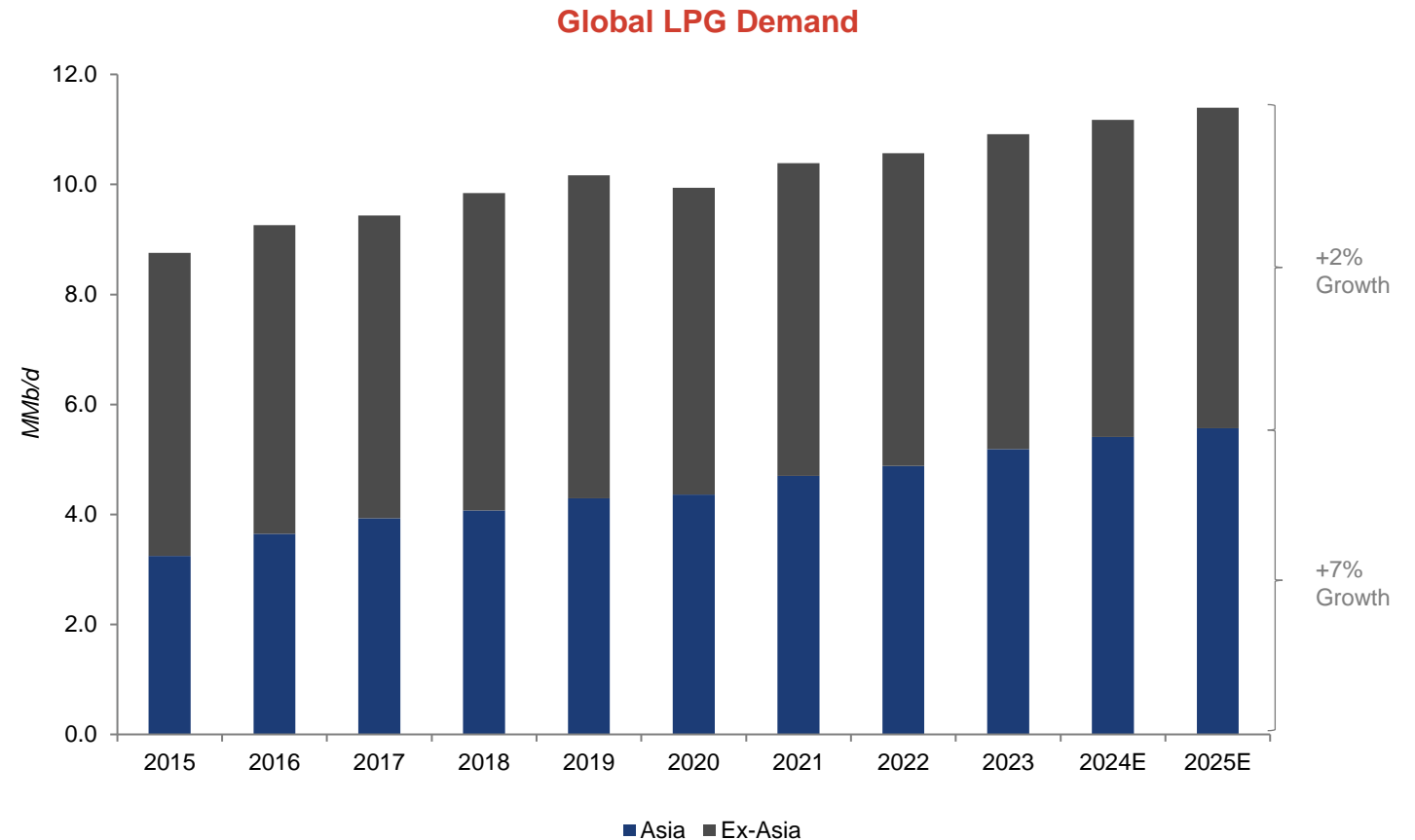
Expansion Project	Gross Capacity	Forecasted In-Service
Daytona NGL Pipeline	400 MBbl/d	4Q24
Train 9 Fractionator	120 MBbl/d	2Q24
GCF Fractionator	135 MBbl/d	2Q24
Train 10 Fractionator	120 MBbl/d	1Q25
Train 11 Fractionator	150 MBbl/d	3Q26
Galena Park Expansion	650 MBbl/month	2H25

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

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 (April 2024); growth compared to 2023 average demand.

Targa is Well-Positioned to Support Global Energy Needs

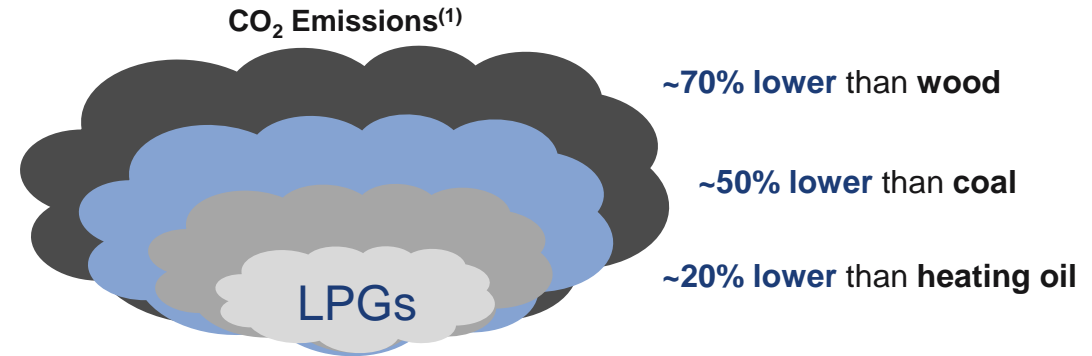
LPG exports provide critical source of cleaner fuels for developing nations and help reduce global CO2 emissions

5.6 Billion

gallons of LPGs from Targa's facilities exported globally in 2023



Use of LPGs Provides Emission Reductions

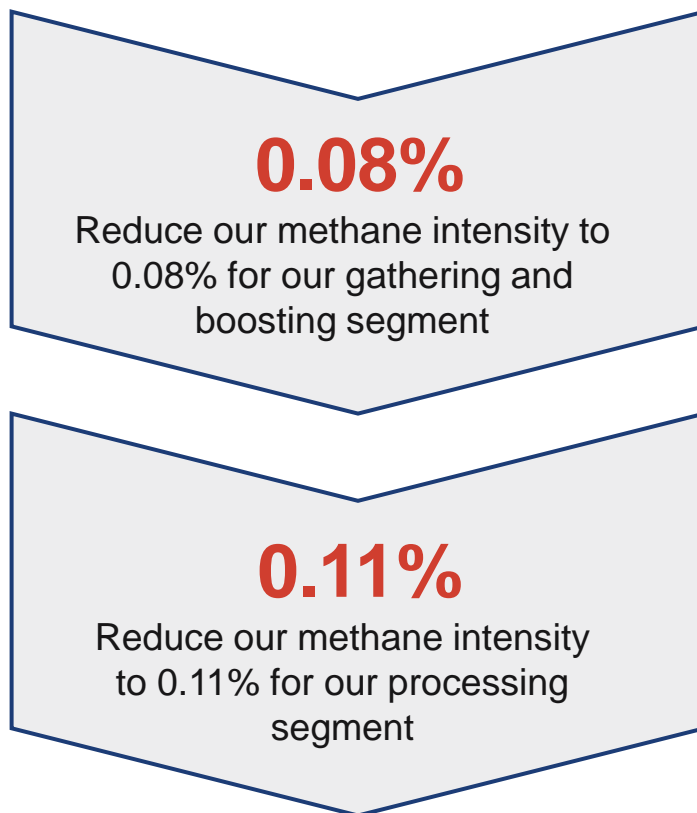


- LPGs are replacing biomass in many rural communities, and LPG demand is growing in China, India, Indonesia, Bangladesh and across many countries in Africa
 - › Where electricity is not available, the use of LPGs have a positive impact on the health and prosperity for local people in these nations by 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

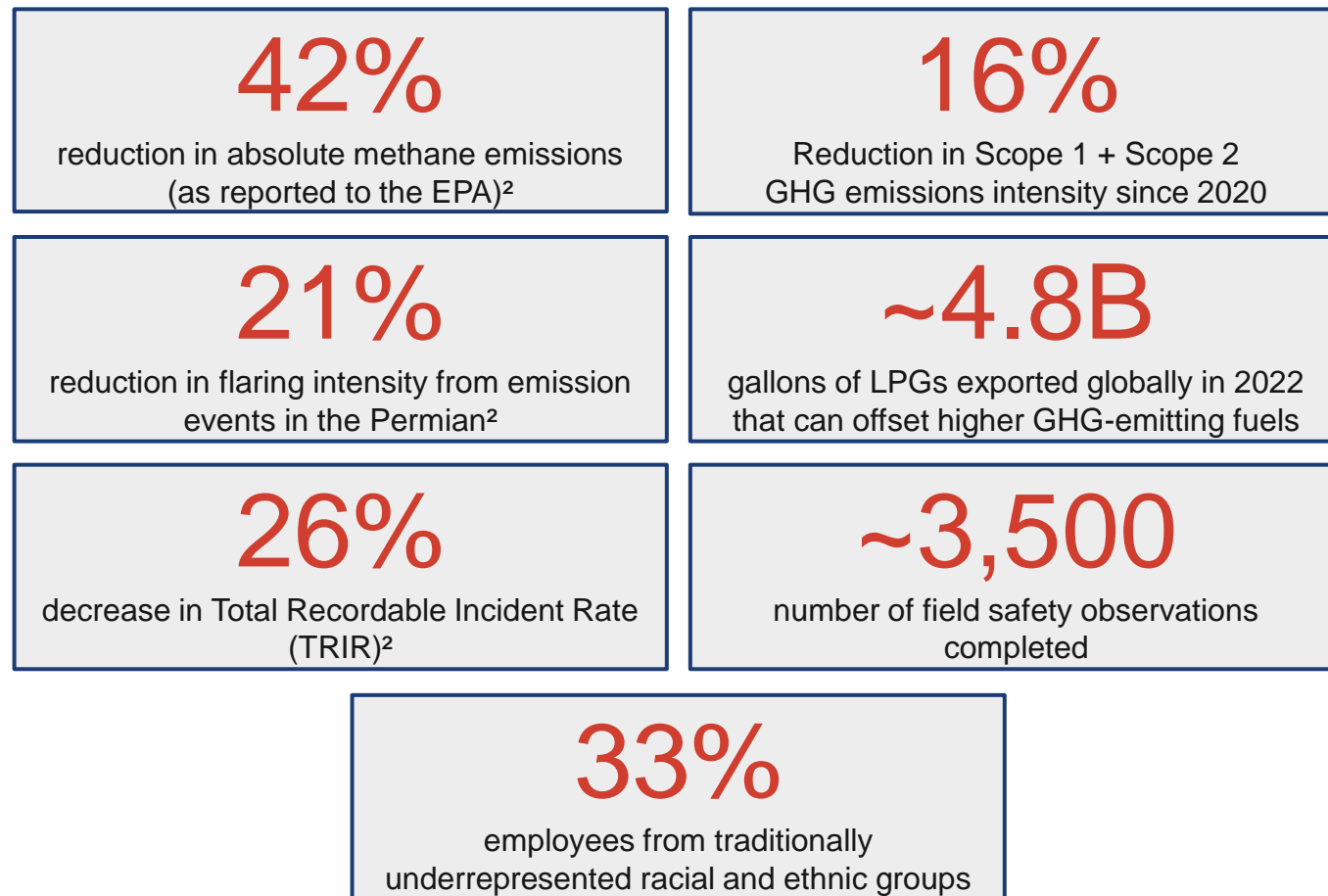
⁽¹⁾ Source: World LPG Association (WLPGA) - Based on difference in CO₂ emissions from average of propane and butane versus wood, coal, and kerosene.

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



Compelling Investment Proposition

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



Accretive Growth

- Anticipate significant YoY EBITDA growth + significant ramp in 2025 FCF
 - › FY contributions from expansions completed in 2023
 - › New infrastructure coming online in 2024 and 2025



Strategic Position

- Targa's best-in-class Permian supply position to drive increasing volumes through its integrated NGL system
- Continuing to invest in attractive high-returning integrated opportunities



Shareholder Returns

- Returning increasing capital to shareholders - expect to return 40-50% of adjusted cash flow from operations⁽¹⁾ to shareholders across multi-year horizon
 - › Higher common dividend +50% increase YoY
 - › Active share repurchase program



Strong Balance Sheet

- Maintain strong balance sheet
- Stability and financial flexibility to execute through cycles



A photograph of an industrial facility, likely a refinery or chemical plant. The image shows a complex network of large, silver-colored pipes and machinery. In the foreground, there are several large, cylindrical tanks or vessels. In the background, more pipes and structures are visible, along with a glimpse of the sky. The overall scene is one of a busy industrial environment.

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	
	Apr – Dec 2024		2025	
Natural Gas (MMBtu/d; \$/MMBtu)	100,136	\$2.93	63,156	\$3.42
Wtd Avg NGL (Bbl/d; \$/Gal) ⁽¹⁾	26,254	\$0.66	19,340	\$0.61
WTI Crude Oil (Bbl/d; \$/Bbl)	4,442	\$71.82	3,447	\$69.12

⁽¹⁾ Targa's composite NGL barrel comprises 44% ethane, 32% propane, 11% normal butane, 4% isobutane and 9% natural gasoline.

Non-GAAP Financial Measures

This presentation includes the Company's non-GAAP financial measures: adjusted EBITDA, adjusted cash flow from operations, 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, adjusted cash flow from operations, and adjusted free cash flow 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.

Adjusted Cash Flow from Operations and Adjusted Free Cash Flow

The Company defines adjusted cash flow from operations as adjusted EBITDA less cash interest expense on debt obligations and cash tax (expense) benefit. The Company defines adjusted free cash flow as adjusted cash flow from operations less maintenance capital expenditures (net of any reimbursements of project costs) and growth capital expenditures (net of contributions from noncontrolling interest and contributions to investments in unconsolidated affiliates). Adjusted cash flow from operations 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,				
	2023	2022	2021	2020	2019
	(In millions)				
Reconciliation of Net income (loss) attributable to Targa Resources Corp. to Adjusted EBITDA					
Net income (loss) attributable to Targa Resources Corp.	\$ 1,345.9	\$ 1,195.5	\$ 71.2	\$ (1,553.9)	\$ (209.2)
Income attributable to TRP preferred limited partners	—	—	—	15.1	11.3
Interest (income) expense, net ⁽¹⁾	687.8	446.1	387.9	391.3	337.8
Income tax expense (benefit)	363.2	131.8	14.8	(248.1)	(87.9)
Depreciation and amortization expense	1,329.6	1,096.0	870.6	865.1	971.6
Impairment of long-lived assets	—	—	452.3	2,442.8	225.3
(Gain) loss on sale or disposition of business and assets	(5.3)	(9.6)	2.0	58.4	71.1
Write-down of assets	6.9	9.8	10.3	55.6	17.9
(Gain) loss from financing activities ⁽²⁾	2.1	49.6	16.6	(45.6)	1.4
(Gain) loss from sale of equity-method investment	—	(435.9)	—	—	(69.3)
Transaction costs related to business acquisition ⁽³⁾	—	23.9	—	—	—
Equity (earnings) loss	(9.0)	(9.1)	23.9	(72.6)	(39.0)
Distributions from unconsolidated affiliates	18.6	27.2	116.5	108.6	61.2
Change in contingent considerations	—	—	0.1	(0.3)	8.7
Compensation on equity grants	62.4	57.5	59.2	66.2	60.3
Risk management activities ⁽⁴⁾	(275.4)	302.5	116.0	(228.2)	112.8
Severance and related benefits ⁽⁵⁾	—	—	—	6.5	—
Noncontrolling interests adjustments ⁽⁶⁾	(3.7)	15.8	(89.4)	(224.3)	(38.5)
Litigation expense ⁽⁷⁾	6.9	—	—	—	—
Adjusted EBITDA ⁽⁸⁾	\$ 3,530.0	\$ 2,901.1	\$ 2,052.0	\$ 1,636.6	\$ 1,435.5

- (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) Charges related to litigation resulting from winter storm in February 2021 unreflective of our ongoing core operations.
- (8) 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.

Non-GAAP Measures Reconciliation

	<u>Full Year 2024E</u> (in millions)
Reconciliation of Estimated Net Income attributable to Targa Resources Corp. to Estimated Adjusted EBITDA	
Net income attributable to Targa Resources Corp.	\$ 1,215.0
Interest expense, net ⁽¹⁾	790.0
Income tax expense	365.0
Depreciation and amortization expense	1,350.0
Equity earnings	(20.0)
Distributions from unconsolidated affiliates	25.0
Compensation on equity grants	63.0
Risk management and other	22.0
Noncontrolling interests adjustments ⁽²⁾	(10.0)
Estimated Adjusted EBITDA	<u>\$ 3,800.0</u>

(1) Includes \$54.9 million of interest expense associated with the Splitter Agreement ruling.

(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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