First Quarter 2023 Earnings Supplement

MAY 4, 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 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 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, 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.

Q1 2023 Highlights

Continuing to execute on our strategic priorities

Strong financial and operational execution

- Record high quarterly adjusted EBITDA of $941 MM[1], +12% QoQ
- Record Permian natural gas inlet volumes of 4.8 Bcf/d
- Record NGL pipeline transportation and fractionation volumes
- Strong optimization margin from marketing and LPG export businesses

Continuing to invest in attractive integrated growth opportunities

- Finished construction and in process of bringing new 275 MMcf/d Legacy II plant in Permian Midland fully online
- Construction continues on Greenwood plant in Permian Midland, Midway, Wildcat II and Roadrunner II plants in Permian Delaware, Daytona NGL pipeline, and Train 9
- In May, announced new Train 10 fractionator in Mont Belvieu to handle anticipated NGL supply growth from Targa's Permian systems and third parties

Returning incremental capital to shareholders

- 43% increase to 2023 quarterly cash dividend (declared in April, payable in May)
- $52 million of common share repurchases in Q1

[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.

2023 – Targa Momentum Continues

Integrated NGL business and strong business fundamentals expected to drive increasing cash flow outlook

+10%

YoY increase in Permian natural gas volumes(1)

Supported by three new Targa plants expected to come online in 2023

Driving incremental volumes through Targa's Logistics and Transportation assets

+24%

YoY increase in Adjusted EBITDA(2)

System volume growth underpins adjusted EBITDA growth YoY and beyond

+43%

YoY increase to quarterly cash dividend

Opportunistic common share repurchase program

$52 million of common share repurchases in Q1

Strong and flexible IG balance sheet

(1) Expected Permian volume growth based on projected average full year 2023 Permian inlet volumes versus average 4Q22 volumes.
(2) Year over year projected adjusted EBITDA growth based on FY2022 and midpoint of projected 2023E Adjusted EBITDA guidance range.

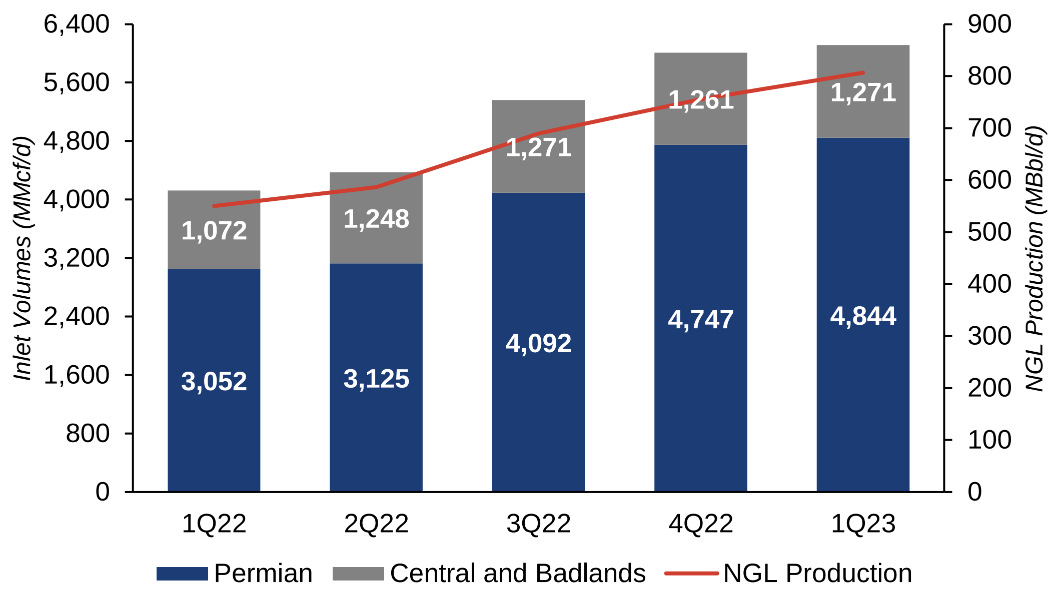
Operational Performance – Gathering & Processing Segment

1Q23 Highlights

Field G&P Natural Gas Inlet Volumes

- Record Targa volumes in the Permian Basin attributable to continued robust activity levels across Permian Midland and Permian Delaware systems
  - New 275 MMcf/d Legacy II plant in Permian Midland commenced operations in late March
- Sequential increase in combined Central and Badlands volumes

Field G&P Natural Gas Inlet Volumes and NGL Production

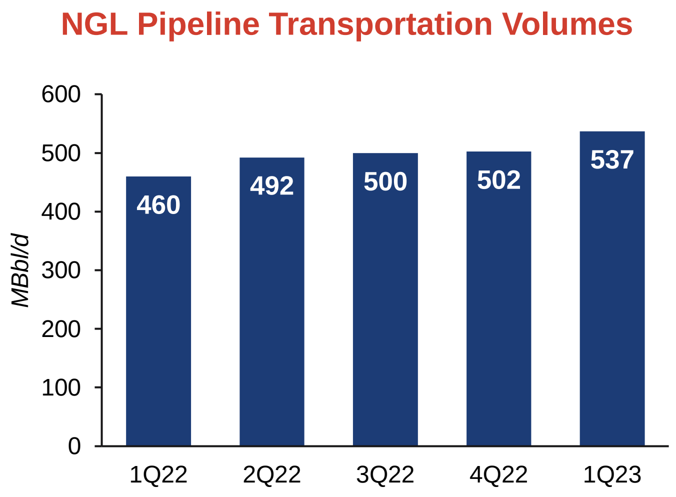


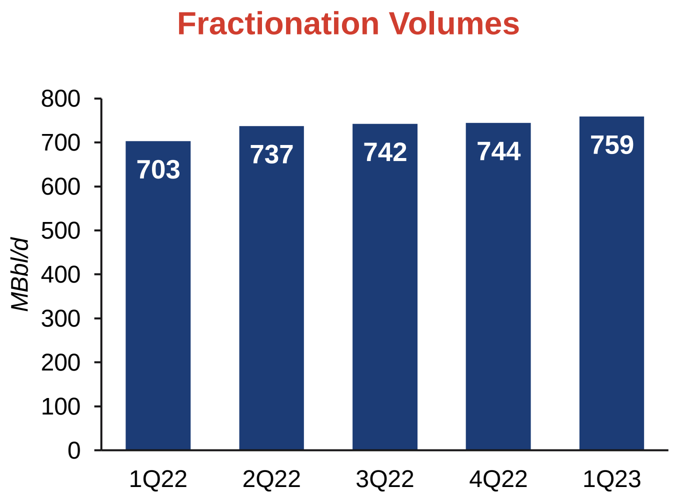
Operational Performance – Logistics & Transportation Segment

1Q23 Highlights

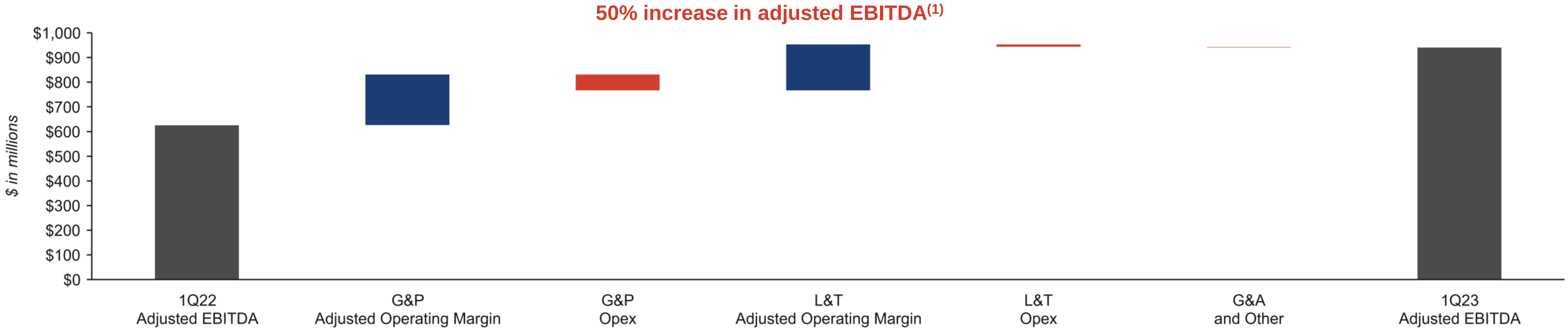
NGL Pipeline Transportation, Fractionation, and LPG Export Services

- Record NGL pipeline transportation and fractionation volumes driven by higher supply primarily from Targa's Permian G&P systems
- Strong LPG export volumes due to improved export market conditions





Financial Performance – 1Q 2023 vs. 1Q 2022



G&P segment operating margin increased $141 million[2]

+ Higher natural gas inlet volumes and higher fees
+ Higher Permian volumes driven by acquisition of certain assets in the Delaware Basin, the addition of the Legacy and Red Hills VI plants in 3Q22, and continued strong producer activity
+ Higher Central volumes driven primarily by acquisition of certain assets in South Texas
– Partially offset by lower commodity prices
– Higher operating expenses from acquisition of certain assets in the Delaware Basin and South Texas, system expansions in the Permian, increased activity levels, and inflation

L&T segment operating margin increased $177 million

+ Higher marketing margin due to greater optimization opportunities
+ Higher NGL pipeline transportation and fractionation volumes
+ Higher LPG export volumes

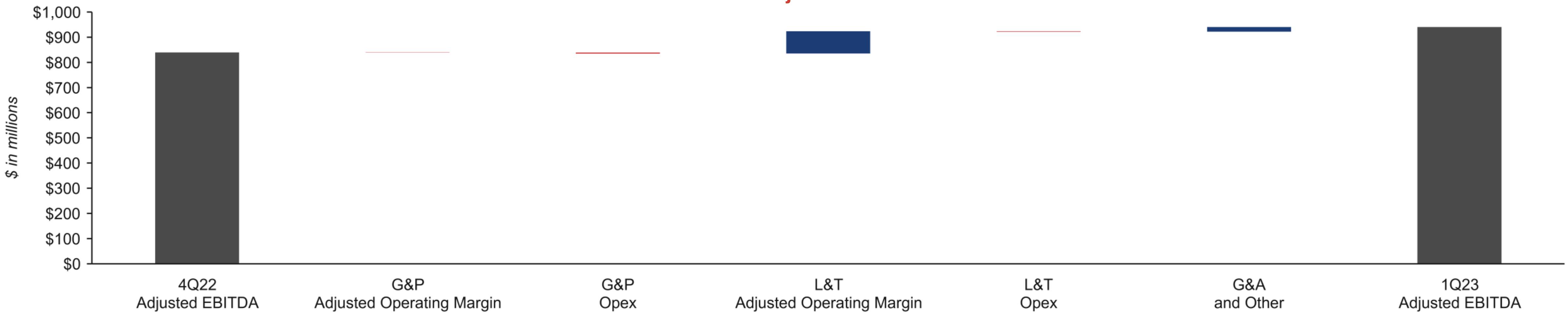
Other

+ Higher adjusted EBITDA contribution from the acquisition of remaining 25% interest in Grand Prix NGL Pipeline in January 2023

(1) Adjusted EBITDA and adjusted operating margin are non-GAAP measures. Please see the section of this presentation entitled "Non-GAAP Financial Measures" for a discussion of adjusted EBITDA and adjusted operating margin and a reconciliation of adjusted EBITDA to its most directly comparable GAAP financial measure.
(2) Inclusive of realized hedge gain/(loss).

Financial Performance – 1Q 2023 vs. 4Q 2022

12% increase in adjusted EBITDA[(1)]



G&P segment operating margin decreased $6 million[(2)]

– Lower commodity prices
+ Higher Permian natural gas inlet volumes driven by continued strong producer activity

L&T segment operating margin increased $87 million

+ Higher marketing margin due to greater optimization opportunities
+ Higher NGL pipeline transportation and fractionation volumes
+ Higher LPG export volumes

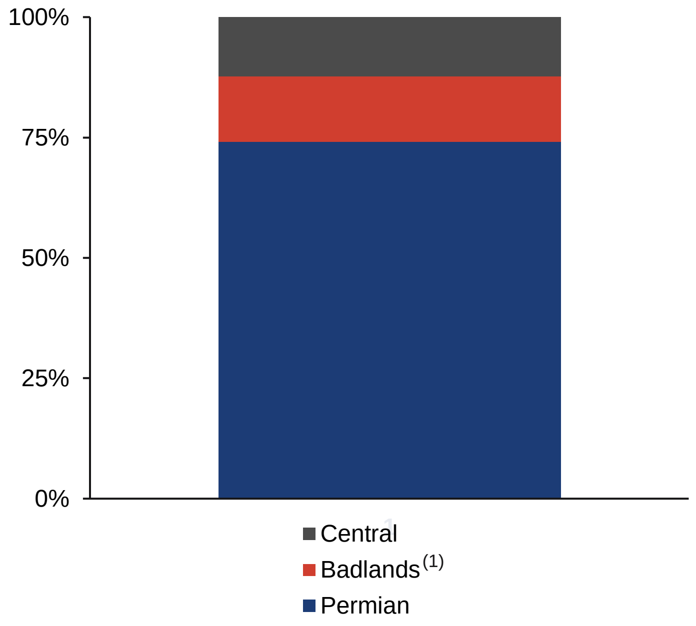
Other

+ Higher adjusted EBITDA contribution from the acquisition of remaining 25% interest in Grand Prix NGL Pipeline in January 2023

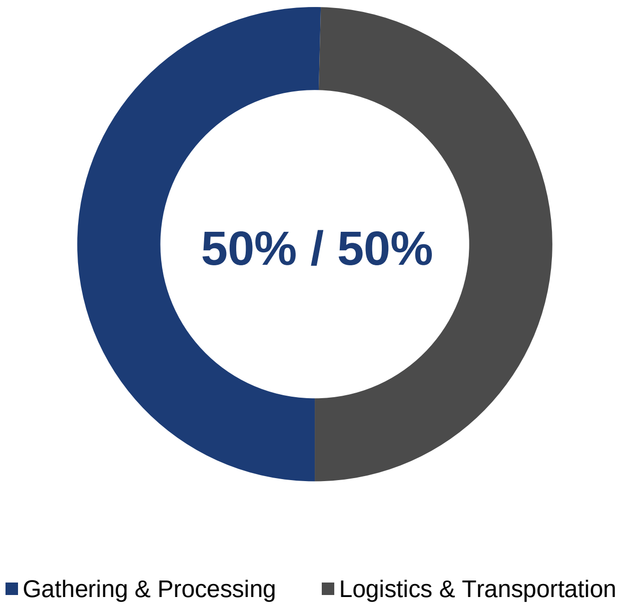
(1) Adjusted EBITDA and adjusted operating margin are non-GAAP measures. Please see the section of this presentation entitled "Non-GAAP Financial Measures" for a discussion of adjusted EBITDA and adjusted operating margin and a reconciliation of adjusted EBITDA to its most directly comparable GAAP financial measure.
(2) Inclusive of realized hedge gain/(loss).

Business Mix – 1Q 2023

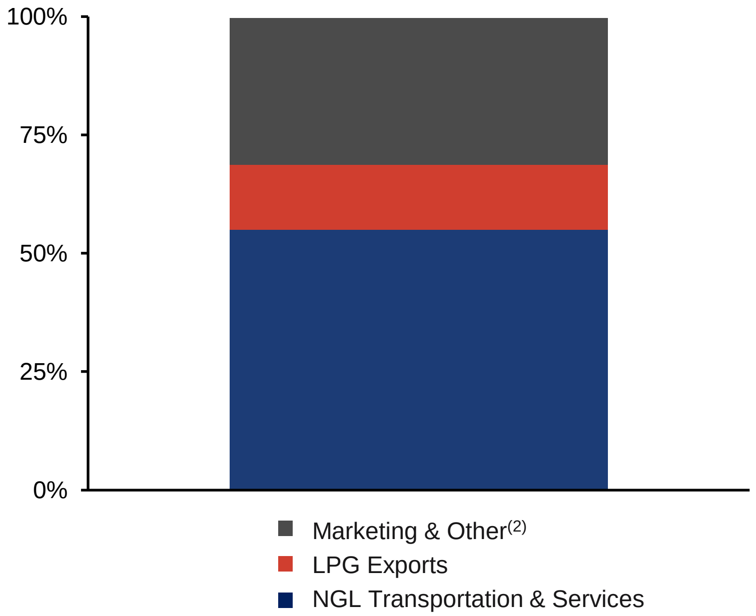
Field Gathering & Processing Operating Margin



Business Mix – Segment Operating Margin



Logistics & Transportation Operating Margin



(1) Fully consolidated operating margin; includes 100% interest in Badlands.
(2) Marketing & Other includes Domestic NGL Marketing (Wholesale Propane, Refinery Services, Commercial Transportation) & Gas Marketing.

2023 Financial and Operational Outlook

Targa Full Year 2023 Financial and Operational Estimates

+24% year-over-year increase in estimated adjusted EBITDA is backed by volume-driven Permian growth(1)(2)

FINANCIAL METRICS	2023 ESTIMATES
Adjusted EBITDA(1)(2)	$3,500 - $3,700 million
Net Growth Capex	$2,000 - $2,200 million
Net Maintenance Capex	$175 million
Segment Operating Margin Mix (G&P/L&T)	~55% / ~45%

OPERATIONAL	2023 ESTIMATES
Permian G&P Inlet Volume Growth(1)(3)	+10% increase

FY23 COMMODITY PRICE ASSUMPTIONS	
Waha Natural Gas ($/MMBtu)	$2.25
Wtd Avg NGL ($/Gal)(4)	$0.70
WTI Crude Oil ($/Bbl)	$75.00

FY23 COMMODITY PRICE SENSITIVITY(5)

-30%	Change in Prices	+30%
-~$60MM	2023e Adj. EBITDA Impact	+~$100MM

YoY increase in 2023 adjusted EBITDA estimate driven by:

- ✓ Higher G&P and L&T system volumes
- ✓ Contributions from new organic growth projects
- ✓ Full year contributions from Delaware Basin and SouthTX acquisitions
- ✓ Contribution from Grand Prix acquisition
- ✓ Higher marketing and optimization
- ✓ Higher fees from inflation escalators
- ✓ Higher hedge prices
- – Lower commodity prices
- – Higher opex and G&A expenses attributable to recent acquisitions, system expansions, insurance costs, and inflation impacts

(1) As presented in February 2023.
(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. Year over year increase based on the midpoint of estimated 2023 adjusted EBITDA range.
(3) Permian volume growth based on projected average full year 2023 Permian inlet volumes versus average 4Q22 volumes.
(4) Targa’s composite NGL barrel comprises 43% ethane, 32% propane,12% normal butane, 4% isobutane and 9% natural gasoline.
(5) Commodity price sensitivity for 2023 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.

Reconciliations

Non-GAAP Financial Measures

This presentation includes the Company's non-GAAP financial measures: adjusted EBITDA and adjusted operating margin (segment). The following tables provide reconciliations of adjusted EBITDA to its most directly comparable GAAP measure.

The Company utilizes non-GAAP measures to analyze the Company's performance. Adjusted EBITDA 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.

Adjusted Operating Margin
The Company defines adjusted operating margin for our segments as revenues less product purchases and fuel. It is impacted by volumes and commodity prices as well as by our contract mix and commodity hedging program.

Gathering and Processing adjusted operating margin consists primarily of:

- service fees related to natural gas and crude oil gathering, treating and processing; and revenues from the sale of natural gas, condensate, crude oil and NGLs less producer settlements, fuel and transport and the Company's equity volume hedge settlements.

Logistics and Transportation adjusted operating margin consists primarily of:

- service fees (including the pass-through of energy costs included in fee rates); system product gains and losses; and NGL and natural gas sales, less NGL and natural gas purchases, fuel, third-party transportation costs and the net inventory change.

Adjusted operating margin for the Company's segments provides useful information to investors because it is used as a supplemental financial measure by management and by external users of our financial statements, including investors and commercial banks, to assess:

- the financial performance of the Company's assets without regard to financing methods, capital structure or historical cost basis; the Company's operating performance and return on capital as compared to other companies in the midstream energy sector, without regard to financing or capital structure; and the viability of capital expenditure projects and acquisitions and the overall rates of return on alternative investment opportunities.

Non-GAAP Measures Reconciliation

	Three Months Ended,		
	March 31, 2023	December 31, 2022	March 31, 2022
		(in millions)	
Reconciliation of Net income (loss) attributable to Targa Resources Corp. to Adjusted EBITDA			
Net income (loss) attributable to Targa Resources Corp.	$ 497.0	$ 318.0	$ 88.0
Interest (income) expense, net	168.0	145.6	93.6
Income tax expense (benefit)	110.3	9.8	22.9
Depreciation and amortization expense	324.8	329.8	209.1
(Gain) loss on sale or disposition of assets	(1.5)	(1.5)	(1.0)
Write-down of assets	0.9	6.2	0.5
(Gain) loss from financing activities (1)	—	—	15.8
Transaction costs related to business acquisitions (2)	—	3.6	—
Equity (earnings) loss	0.2	(0.3)	(5.6)
Distributions from unconsolidated affiliates and preferred partner interests, net	2.6	5.5	12.5
Compensation on equity grants	15.0	15.7	13.5
Risk management activities	(175.7)	7.5	178.2
Noncontrolling interests adjustments (3)	(1.0)	0.5	(1.7)
Adjusted EBITDA	**$ 940.6**	**$ 840.4**	**$ 625.8**

(1) Gains or losses on debt repurchases or early debt extinguishments.
(2) Includes financial advisory, legal and other professional fees, and other one-time transaction costs.
(3) Noncontrolling interest portion of depreciation and amortization expense.

Non-GAAP Measures Reconciliation

	Full Year 2023E (in millions)	
Reconciliation of Estimated Net Income attributable to Targa Resources Corp. to Estimated Adjusted EBITDA		
Net income attributable to Targa Resources Corp.	**$**	**1,390.0**
Interest expense, net		680.0
Income tax expense		400.0
Depreciation and amortization expense		1,260.0
Equity earnings		(20.0)
Distributions from unconsolidated affiliates		25.0
Compensation on equity grants		60.0
Risk management and other		(180.0)
Noncontrolling interests adjustments[1]		(15.0)
Estimated Adjusted EBITDA	**$**	**3,600.0**

(1) Noncontrolling interest portion of depreciation and amortization expense.

Targa is a leading provider of midstream services as 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.

GENERAL INQUIRIES/CORPORATE HEADQUARTERS

811 LOUISIANA STREET, SUITE 2100

HOUSTON, TX 77002

PHONE: 713.584.1133

EMAIL: InvestorRelations@targaresources.com

WWW.TARGARESOURCES.COM