Targa Resources Corp.

Second Quarter 2020
Earnings Supplement
August 6, 2020

TARGA

Forward Looking Statements

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 Annual Report on Form 10-K for the year ended December 31, 2019, 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.

Strategic Update

- **Remain focused on safeguarding employee health and safety and ensuring safe and reliable operations in response to COVID-19**
  - Continue to remain proactive to protect our employees and ensure safe continuity of operations
- **Well-positioned to withstand current environment**
  - Significant fee-based margin across Targa's businesses and increasing use of fee-based floors in Targa's G&P business strengthen cash flow stability
  - Strong liquidity position with no significant debt maturities until 2023
  - Remain focused on continued capital and operating cost discipline
- **Strong long-term positioning**
  - Targa is well positioned to meaningfully benefit from increasing operating leverage as business conditions strengthen and volumes ramp; announced major capital project spending is largely complete
  - Targa's leading supply aggregation position in the Permian to drive strong volumes through its integrated midstream platform - G&P → Grand Prix → Mont Belvieu → Export Markets
  - Actions taken in 1H20 strengthen balance sheet and increase financial flexibility; looking forward, increasing free cash flow after dividends available to reduce debt

As a leading integrated midstream infrastructure company with premier assets, Targa is well positioned to benefit quickly as demand for commodities returns

Operational Performance – Gathering & Processing Segment

2Q20 Highlights:

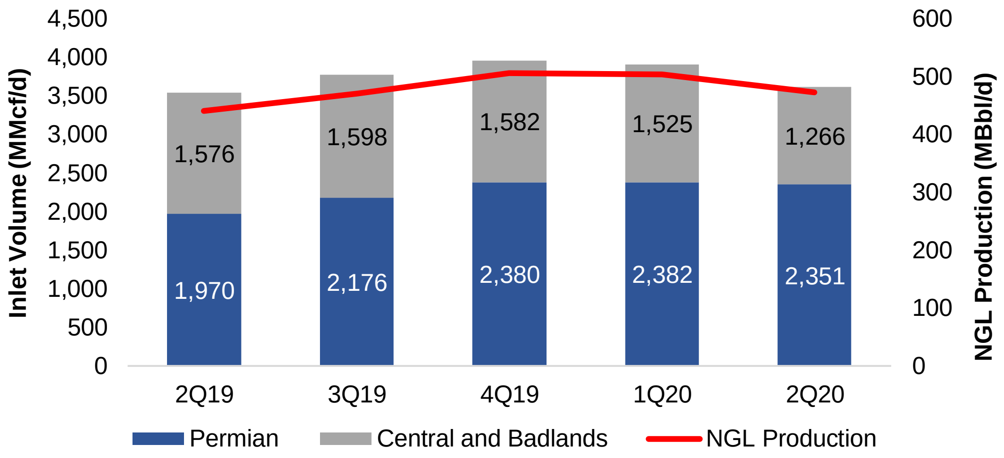
Field G&P Natural Gas Inlet

- Permian volumes -1% sequentially, despite temporary shut-ins and reduced producer activity
- Badlands volumes -30% and Central volumes -15% sequentially due to temporary shut-ins and reduced producer activity

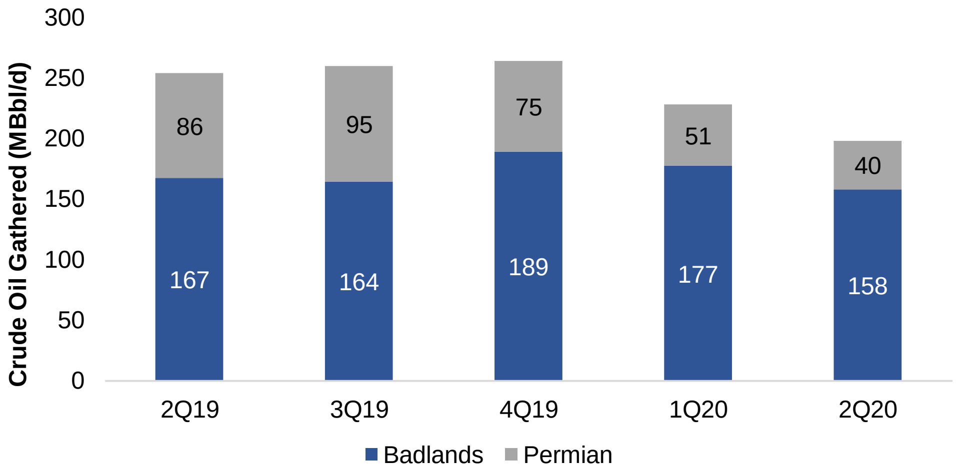
Crude Oil Gathered

- Badlands volumes -11% sequentially due to temporary shut-ins and reduced producer activity
- Permian volumes -21% sequentially due to temporary shut-ins and reduced producer activity

Field G&P Natural Gas Inlet Volumes and NGL Production



Crude Oil Gathered Volumes[1]



(1) Permian crude oil gathered volumes reflect the sale of the Delaware crude gathering system, which was effective December 1, 2019

Operational Performance – Logistics & Transportation Segment

2Q20 Highlights:

NGL Transportation

- Targa's Grand Prix NGL Pipeline throughput deliveries into Mont Belvieu -2% sequentially, due to temporary shut-ins and reduced producer activity

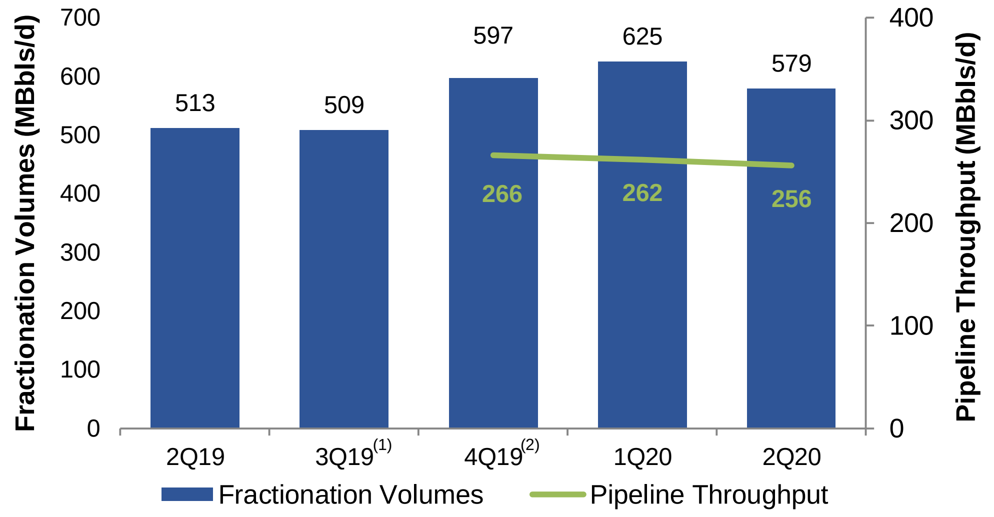
Fractionation

- Fractionation volumes -7% sequentially, due to temporary shut-ins and reduced producer activity. 1Q20 utilization benefited from working down inventory

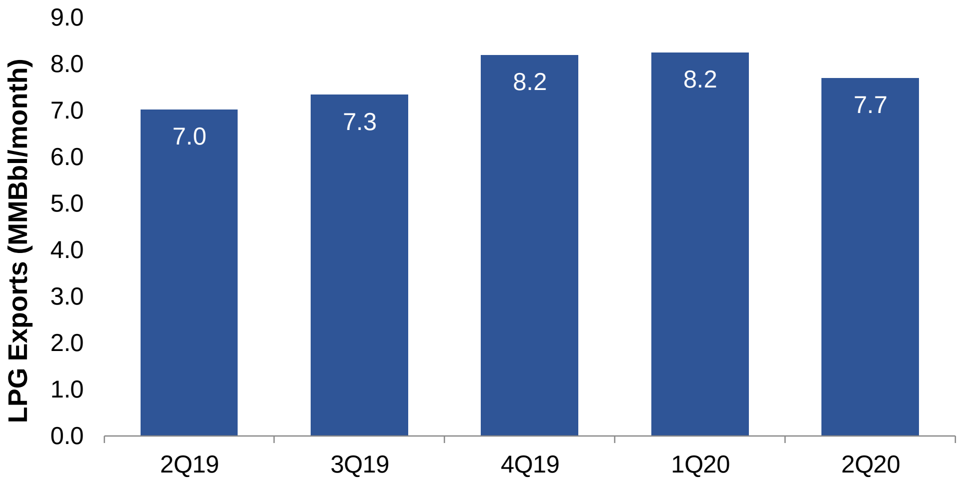
LPG Export Services

- LPG export volumes -6% sequentially due to scheduled downtime to tie-in phased expansion. Expansion completed in August 2020 and increased Targa's LPG export capabilities

Targa Pipeline Transportation and Fractionation Volumes



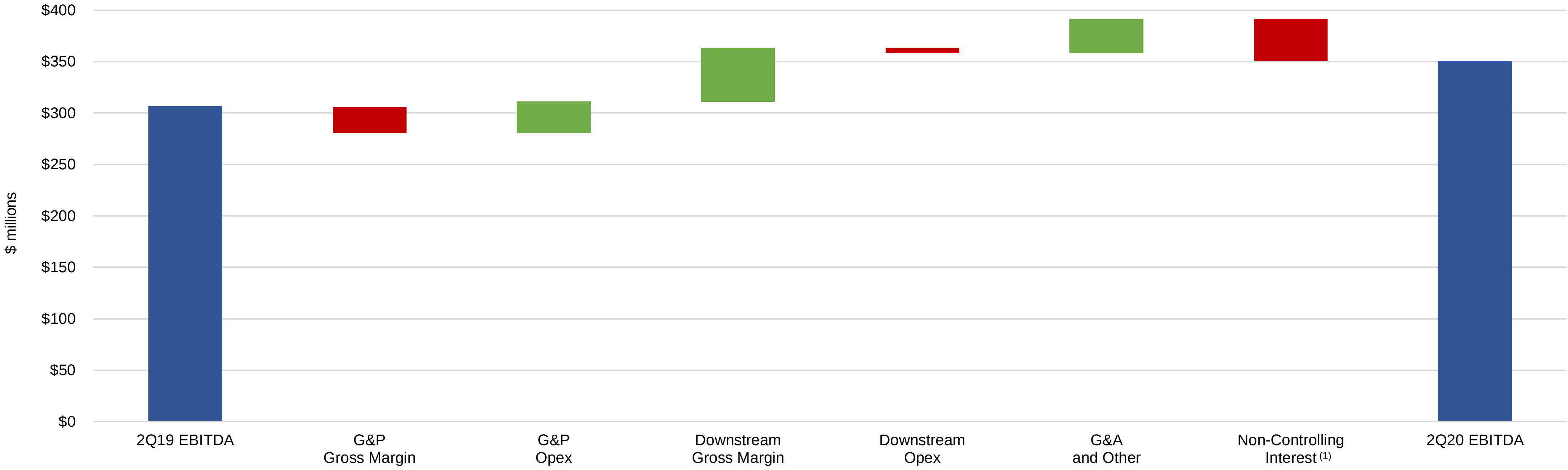
Galena Park LPG Export Volumes



(1) 3Q19 fractionation volumes were impacted by ~50 MBbl/d due to scheduled turnaround and maintenance
(2) 4Q19 Grand Prix pipeline volumes represents the asset's first full quarter of operations; Grand Prix commenced full operations into Mont Belvieu in early August 2019

Financial Performance – 2Q 2020 vs. 2Q 2019

Adjusted EBITDA Bridge



Segment Operating Margin

Gathering & Processing segment operating margin increased $5.1[(2)] million

- \+ Higher Permian gas volumes
- \+ Higher Badlands gas volumes
- \+ Lower operating expenses attributable to cost reduction measures, despite several new Permian gas plants which began operations over the past year
- − Lower realized NGL and condensate prices[(2)]
- − Lower Central volumes due to temporary shut-ins and reduced producer activity

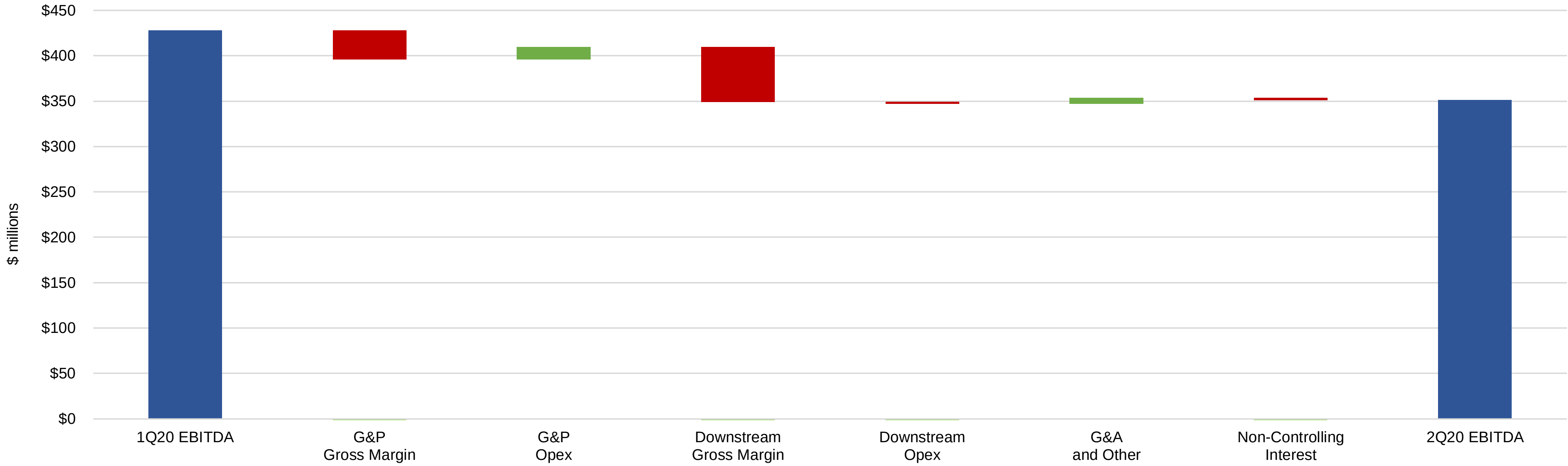
Downstream segment operating margin increased $47.1 million

- \+ Higher NGL transportation and fractionation volumes
- \+ Higher LPG export volumes
- − Lower Marketing and Other due to less optimization margin realized in marketing businesses
- − Higher operating expenses primarily associated with Grand Prix and fractionation expansions which began full operations in 2019/2020, partially offset by cost reduction measures

(1) Primarily attributable to the sale of the 45% interest in Badlands, which closed April 2019, and the in-service of Train 6, Grand Prix and GCX
(2) Inclusive of realized hedge gain/(loss)

Financial Performance – 2Q 2020 vs. 1Q 2020

Adjusted EBITDA Bridge



Segment Operating Margin

Gathering & Processing segment operating margin decreased $18.5[(1)] million

- − Lower Badlands and Central volumes due to temporary shut-ins and reduced producer activity
- − Lower realized NGL and condensate prices[(1)]
- + Lower operating expenses attributable to cost reduction measures

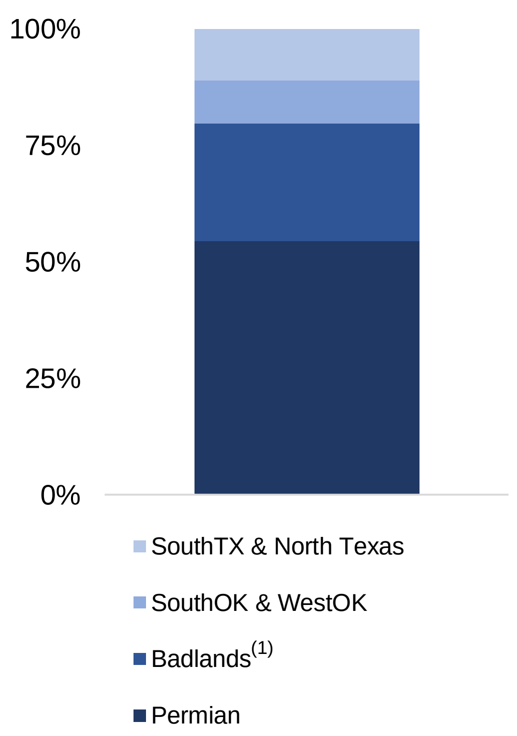
Downstream segment operating margin decreased $62.5 million

- − Lower Marketing and Other due to seasonality in wholesale business, and less optimization margin realized in marketing businesses
- − Lower NGL transportation and fractionation volumes due to temporary shut-ins and reduced producer activity
- − Lower LPG export volumes due to scheduled downtime to tie-in expansion

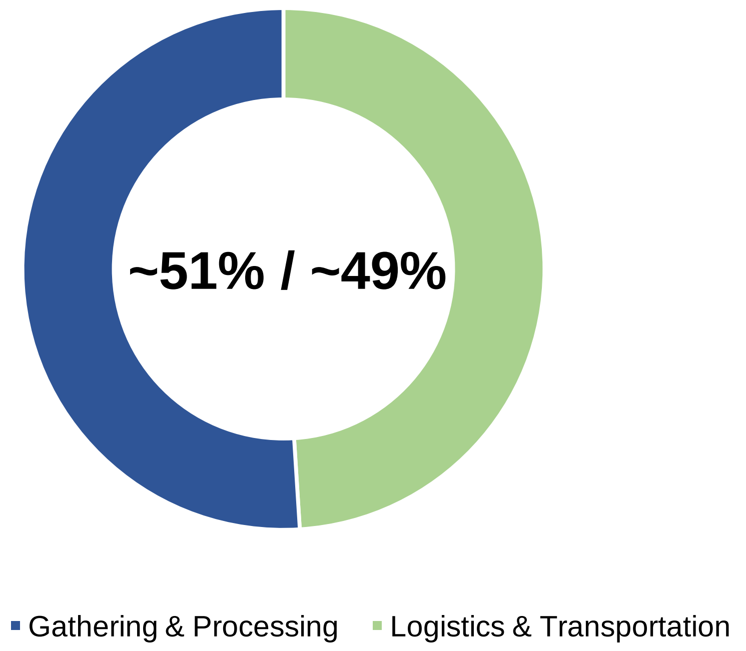
(1) *Inclusive of realized hedge gain/(loss)*

Business Mix – 2Q 2020

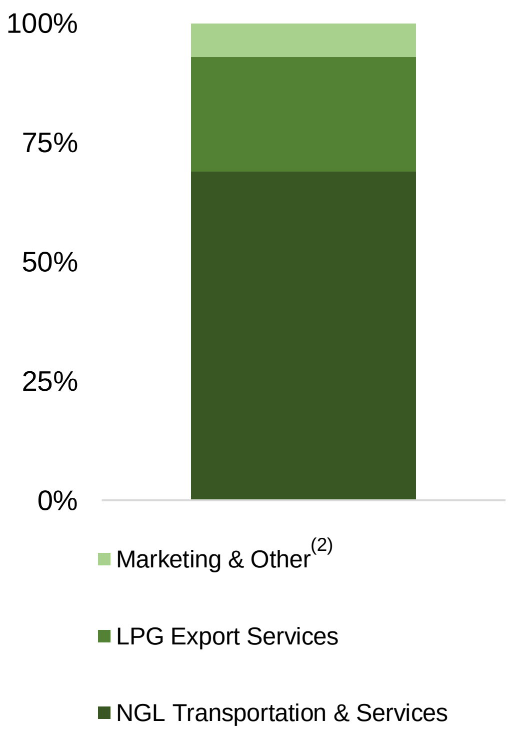
Field Gathering & Processing Operating Margin 2Q 2020



Business Mix – Segment Operating Margin



Logistics & Transportation Operating Margin 2Q 2020



Business mix has shifted more towards the Logistics & Transportation segment due to recently completed growth projects, which are backed predominantly by fee-based contracts

(1) Fully consolidated operating margin
(2) Marketing & Other includes Domestic NGL Marketing (Wholesale Propane, Refinery Services, Commercial Transportation), Gas Marketing & Petroleum Logistics

2020 Financial Estimates

Adjusted EBITDA Estimate FY 2020E *($ in millions)*
$1,500 - $1,625

- Updated range assumes commodity prices average $40/barrel WTI crude, $0.40/gallon NGLs, $2.00/MMBtu Henry Hub and $1.50/MMBtu Waha natural gas through 2H20

Capital Expenditure Estimates FY 2020E *($ in millions)*	
Net Growth Capital Expenditures	**$700 - $800**
Gathering & Processing (1)	*~$325*
Logistics & Transportation ("Downstream")	*~$425*
Net Maintenance Capital Expenditures	**$130**

Major Project Expected In-Service Timeline	2020E Q1	2020E Q2	2020E Q3	2020E Q4	2021E
Gathering & Processing					
Permian Delaware					
Peregrine Plant - 250 MMcf/d		✓			
Permian Midland					
Gateway Plant - 250 MMcf/d			✓		
Logistics & Transportation					
Fractionaction Train 7 - 110 MBbl/d	✓				
Fractionaction Train 8 - 110 MBbl/d			✓		
LPG Export Facilities Capacity Expansion			✓		
Grand Prix Extension to Central Oklahoma (2)					✓

(1) *Greater than 80% of total G&P net growth capex for 2020E focused on Permian Basin*
(2) *Expected to be complete by Q1 2021*

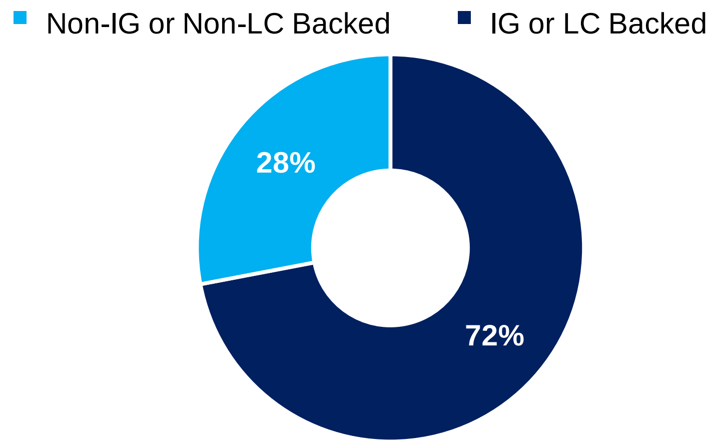
Risk Management

Hedging Program Further Strengthens Cash Flow Stability

Field G&P Hedging Update								Commodity Price Sensitivity[1]		
2020				2021						
Commodity	Volumes Hedged	Exposure Hedged (%)[1]	Wtd. Avg. Hedge Price[2]	Commodity	Volumes Hedged	Exposure Hedged (%)[1]	Wtd. Avg. Hedge Price[2]			2020E Adj. EBITDA Impact
Natural Gas (MMBtu/d)	167,230	~85% to ~95%	$1.70	Natural Gas (MMBtu/d)	163,751	~80% to ~90%	$1.75	Natural Gas	+/- $0.25/MMBtu	+/- ~$1 to ~$2 million
NGLs (Bbl/d)[3]	31,631	~75% to ~85%	$0.50	NGLs (Bbl/d)	20,031	~45% to ~55%	$0.47	NGLs	+/- $0.05/gallon	+/- ~$7 to ~$9 million
Condensate (Bbl/d)	5,190	~80% to ~90%	$57.76	Condensate (Bbl/d)	4,204	~60% to ~70%	$54.91	Condensate	+/- $5.00/Bbl	+/- ~$1 to ~$2 million

Counterparty Profile

Revenue from Top 25 Customers[4]



- ~72% of revenue from top 25 customers is investment grade or LC backed
- Top 25 customers represents ~60% of total revenue[4]

- **Gathering & Processing Segment**
  - Targa is predominantly in a net payable position to its G&P customers
  - Diverse group, with many investment-grade and large well capitalized producers
- **Downstream Segment**
  - Targa is predominantly in a net payable position to customers in its NGL transportation and fractionation businesses
  - Diverse group, primarily investment-grade and large well capitalized firms
  - LPG export customers are either investment grade or required to post letters of credit to cover exposure

(1) Based on an estimated range of average daily equity volumes for the balance of 2020
(2) Weighted average hedge prices assumes put prices for collars
(3) Targa's composite NGL barrel comprises 38% ethane, 34% propane, 5% isobutane, 12% normal butane, and 11% natural gasoline
(4) Based on consolidated revenue for the three months ended 6/30/2020

Reconciliations

Non-GAAP Measures Reconciliation

This presentation includes the non-GAAP financial measures of Adjusted EBITDA. The presentation provides a reconciliation of this non-GAAP financial measures to its most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Our 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.

Adjusted EBITDA – The Company defines Adjusted EBITDA as net income (loss) available to TRC before interest, income taxes, depreciation and amortization, and other items that we believe should be adjusted consistent with our 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 us and by external users of our financial statements such as investors, commercial banks and others. The economic substance behind our use of Adjusted EBITDA is to measure the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness and pay dividends to our investors.

Adjusted EBITDA is a non-GAAP financial measure. The GAAP measure most directly comparable to Adjusted EBITDA is net income (loss) attributable to TRC. Adjusted EBITDA should not be considered as an alternative to GAAP net income. Adjusted EBITDA has important limitations as an analytical tool. Investors should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA excludes some, but not all, items that affect net income and is defined differently by different companies in our industry, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Management compensates for the limitations of Adjusted EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these insights into its decision-making processes.

Non-GAAP Reconciliations - Estimated 2020 Adjusted EBITDA

Reconciliation of estimated net loss attributable to TRC to estimated Adjusted EBITDA		**Full Year 2020E**
		(In millions)
Net loss attributable to TRC [1]	$	(1,627.5)
Impairment of long-lived assets [1]		2,443.0
Income attributable to TRP preferred limited partners		11.0
Interest expense, net		380.0
Income tax expense (benefit)		(260.0)
Depreciation and amortization expense		830.0
Equity (earnings) loss		(70.0)
Distributions from unconsolidated affiliates and preferred partner interests, net		100.0
Compensation on equity grants		70.0
Risk management activities and other [2]		(120.0)
Severance and related benefits [3]		6.5
Noncontrolling interests adjustments [4]		(200.0)
TRC Estimated Adjusted EBITDA	**$**	**1,563.0**

(1) *The first quarter of 2020 included a pre-tax non-cash loss of $2,442.8 million from the impairment of long-lived assets that include a $2,234.2 million non-cash pre-tax impairment of property, plant and equipment and a $208.6 million non-cash pre-tax impairment of intangible assets. The non-cash pre-tax impairment is primarily associated with the partial impairment of gas processing facilities and gathering systems associated with its Mid-Continent operations and full impairment of its Coastal operations - all of which are in its Gathering and Processing ("G&P") segment. Based on current market conditions, the first quarter impairment assessment forecasts further declines in natural gas production across the Mid-Continent and Gulf of Mexico*

(2) *Unrealized change in mark-to-market (gain)/loss associated with hedging activities*

(3) *Represents one-time severance and related benefit expenses related to the Company's cost reduction measures*

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

TARGA

TRGP LISTED NYSE®

Visit us at targaresources.com

Contact Information:

Email: InvestorRelations@targaresources.com

Phone: (713) 584-1000

811 Louisiana Street

Suite 2100

Houston, TX 77002