TARGA

Fourth Quarter and Full Year 2023 Earnings Supplement

February 15, 2024 | 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, 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, 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.

2023 in Review – Continuing to Execute Across Strategic Priorities

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

RECORD Volumes

- Permian volumes averaged ~5.3 Bcf/d[1] in 4Q23, +11% vs. 4Q22
- Driving record NGL pipeline transportation, fractionation, and LPG export volumes

RECORD Adjusted EBITDA

- Adjusted EBITDA[2] +22%
- Adjusted EBITDA [2] +$629MM
- EBITDA guidance achieved despite significantly lower commodity prices

~$800MM Capital Returned

- Increased YoY capital returned to shareholders
- >40% increase to quarterly common dividend
- Record $374 million common share repurchases

(1) Reported Permian natural gas inlet volumes.
(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.

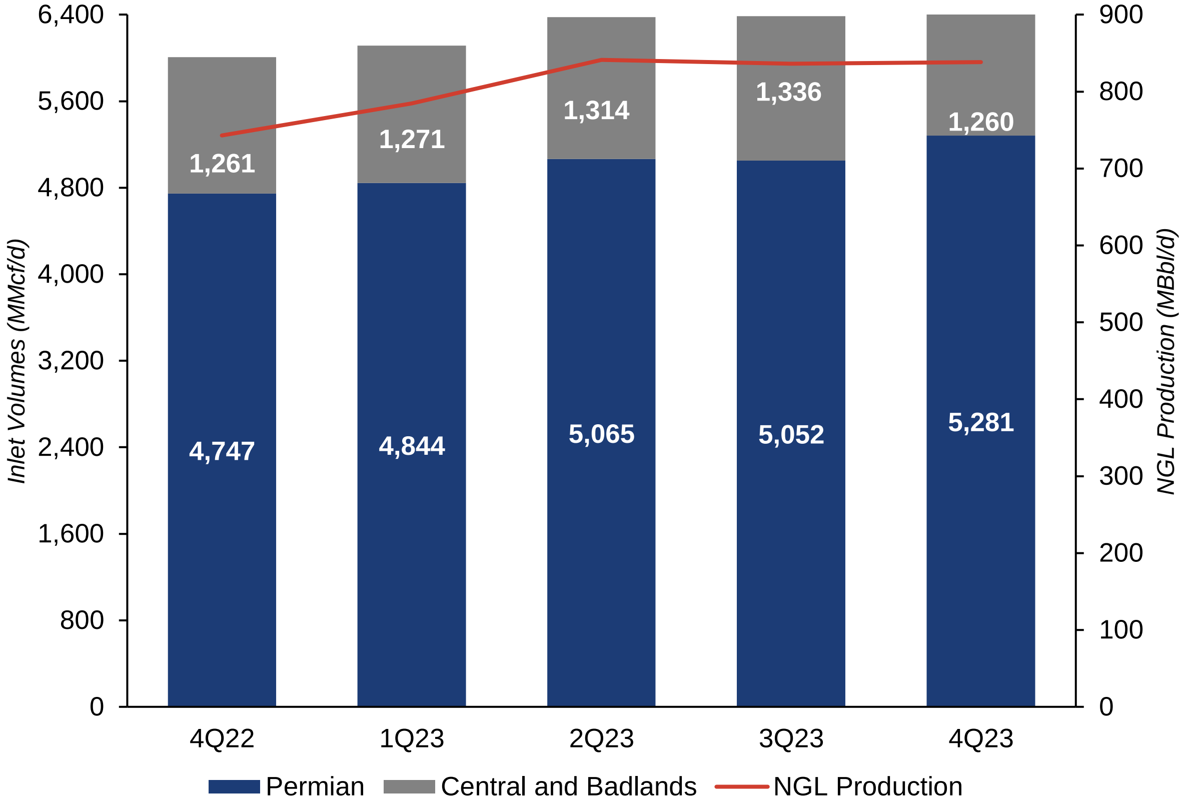
Operational Performance – Gathering & Processing Segment

4Q23 Highlights

Field G&P Natural Gas Inlet Volumes

- Record Targa volumes in the Permian Basin attributable to continued strong activity levels across Permian Midland and Permian Delaware systems
  - New 275 MMcf/d Wildcat II plant in Permian Delaware commenced operations at the end of the fourth quarter

Field G&P Natural Gas Inlet Volumes and NGL Production

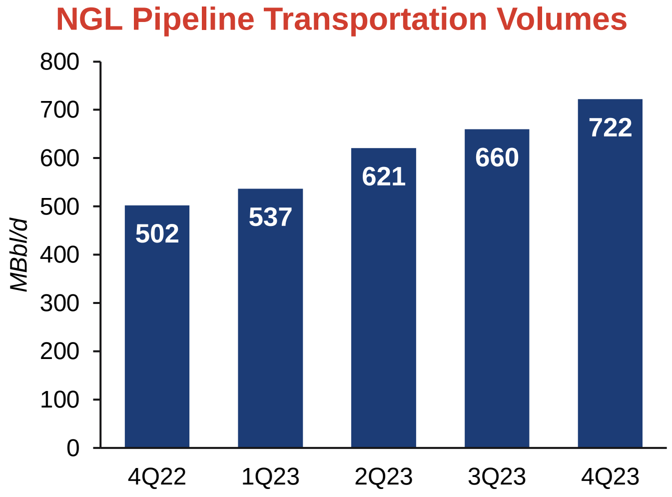


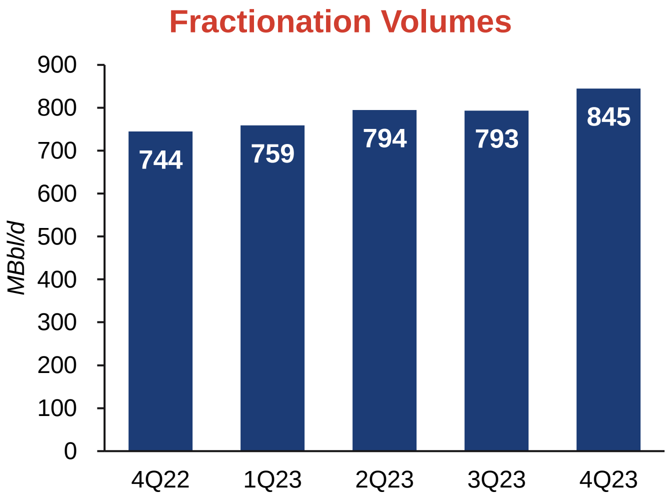
Operational Performance – Logistics & Transportation Segment

4Q23 Highlights

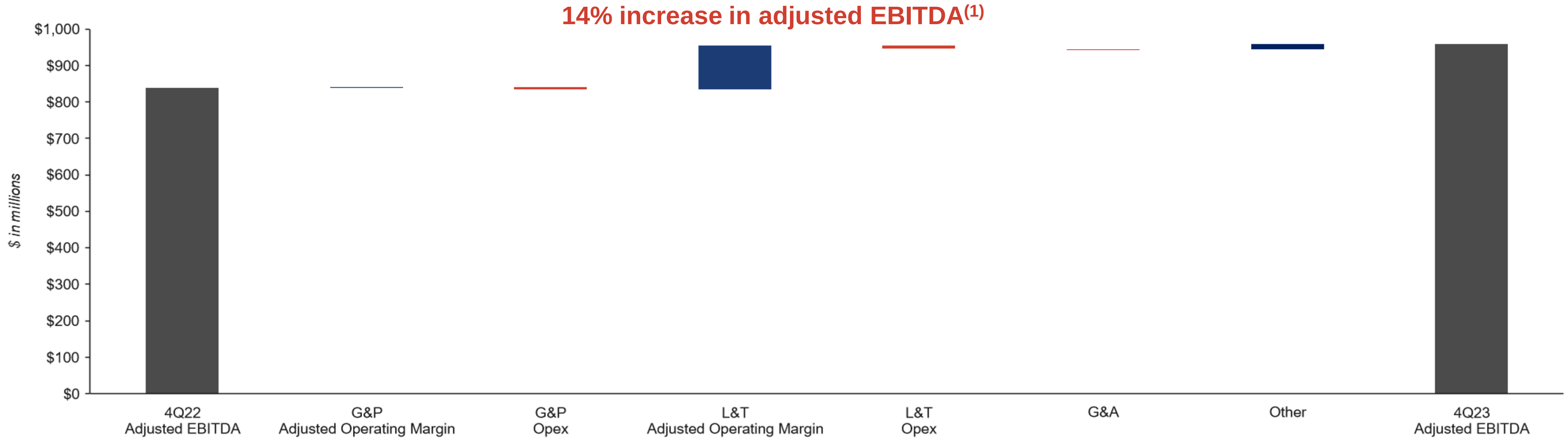
NGL Pipeline Transportation, Fractionation, and LPG Export Services

- Record NGL pipeline transportation and fractionation volumes driven by higher supply primarily from Targa's Permian G&P systems
- Record LPG export volumes as Targa is benefitting from its recently completed expansion and due to improved market conditions





Financial Performance – 4Q 2023 vs. 4Q 2022



G&P segment operating margin decreased $8 million[2]

+ Higher Permian inlet volumes driven by system expansions and continued strong producer activity in the Permian
+ Higher fees predominantly in the Permian
– Lower commodity prices
– Higher operating expenses associated with increased Permian volumes and system expansions

L&T segment operating margin increased $113 million

+ Higher NGL pipeline transportation and fractionation volumes
+ Higher LPG export volumes
– Lower marketing margin
– Higher operating expenses due to higher repairs and maintenance, compensation and benefits

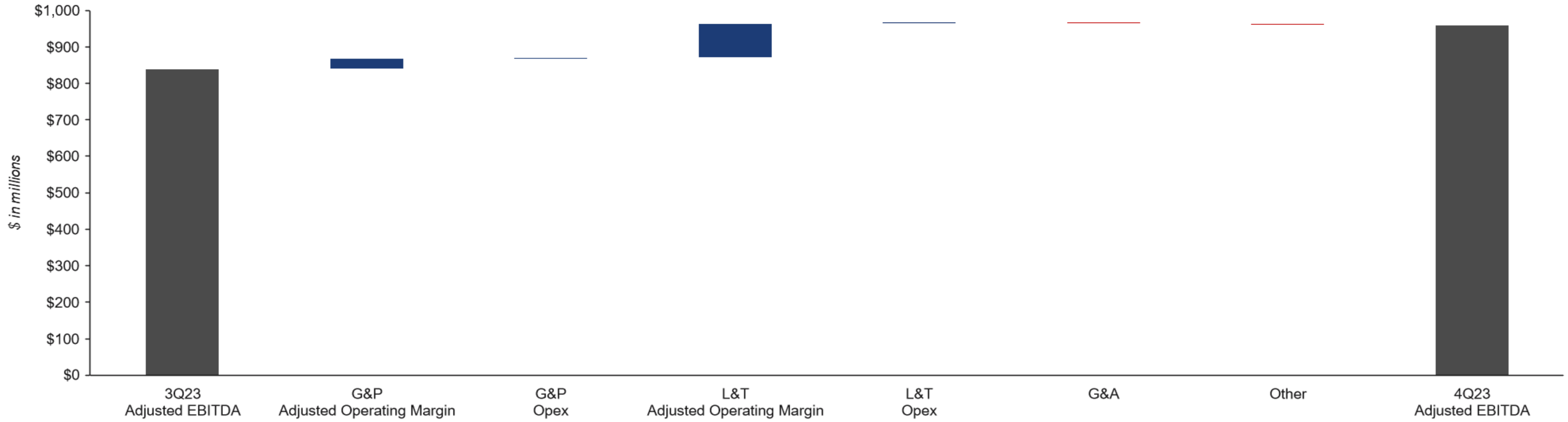
Other

+ 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 to their respective most directly comparable GAAP financial measure.
(2) Inclusive of realized hedge gain/(loss).

Financial Performance – 4Q 2023 vs. 3Q 2023

14% increase in adjusted EBITDA[(1)]



G&P segment operating margin increased $31 million[(2)]

- \+ Higher Permian inlet volumes driven by system expansions and continued strong producer activity
- \- Lower commodity prices

L&T segment operating margin increased $97 million

- \+ Higher NGL pipeline transportation and fractionation volumes
- \+ Higher LPG export volumes
- \+ Higher marketing margin
- \+ Lower operating expenses due to lower repairs and maintenance, lower taxes, partially offset by higher compensation and benefits

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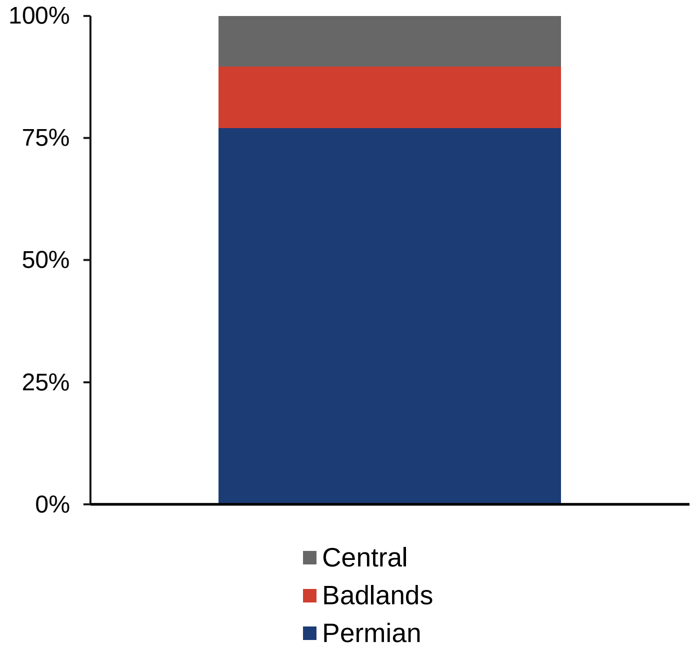
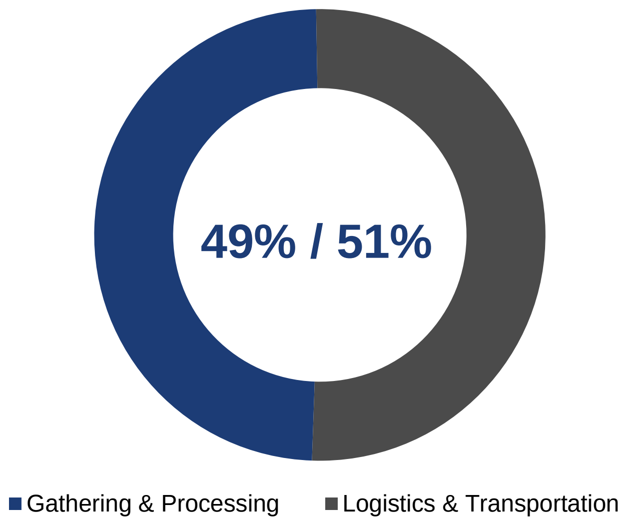
(2) Inclusive of realized hedge gain/(loss).

Business Mix – 4Q 2023

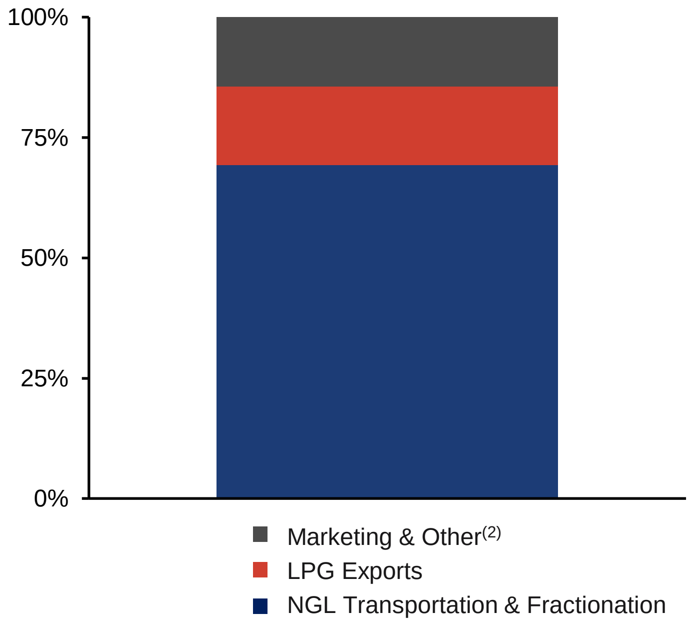
Field Gathering & Processing Operating Margin(1)



Business Mix – Segment Operating Margin



Logistics & Transportation Operating Margin



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

2024 Outlook

Increasing system volumes drive strong projected growth in Adjusted EBITDA

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

+8% YoY growth in Adjusted EBITDA driven by:

- ✓ 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

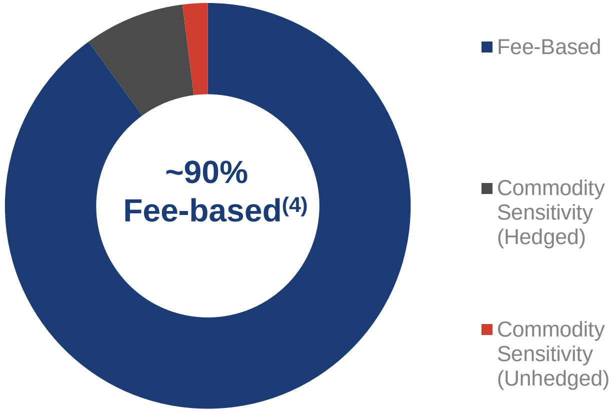
Commodity Price Sensitivity(3)

-30% Change in Prices **+30%**

-~$75MM

+~$165MM

2024e Adjusted EBITDA Impact



(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

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	

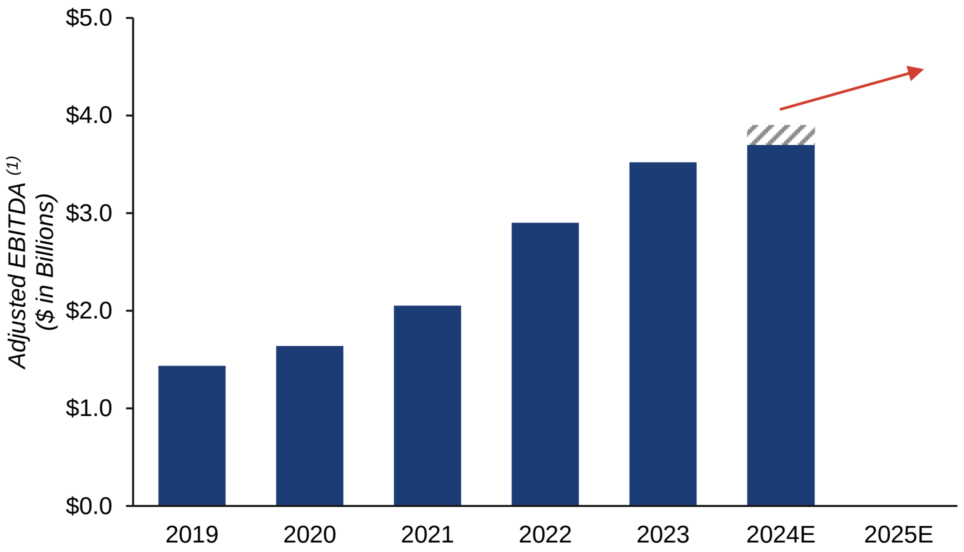
Current expectations for 2025 net growth capital is ~$1.4 billion as key downstream expansions are completed by early 2025, driving downstream spending below multi-year average in 2025

(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

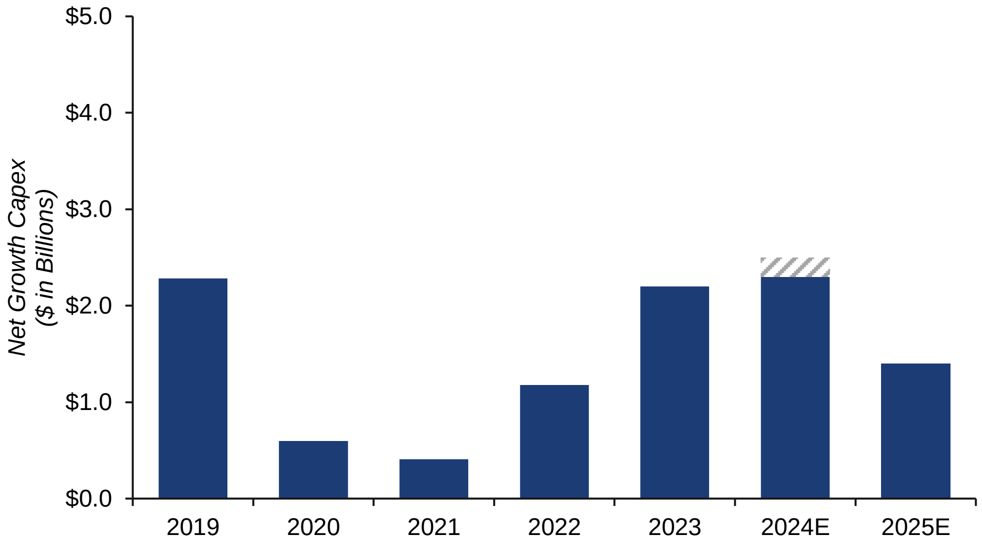
Permian volume growth outlook and the completion of integrated NGL projects drive compelling adjusted FCF[(1)] outlook

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

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

Guidance Range

(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 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.

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	Volumes Hedged	Wtd. Avg. Hedge Price
	2024		2025	
Natural Gas ***(MMBtu/d; $/MMBtu)***	105,377	$3.01	58,179	$3.55
Wtd Avg NGL ***(Bbl/d; $/Gal)***[(1)]	28,492	$0.66	19,340	$0.58
WTI Crude Oil ***(Bbl/d; $/Bbl)***	4,531	$71.75	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 operating margin, 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.

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.

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

	Three Months Ended,		
	December 31, 2023	September 30, 2023	December 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.	$ 299.6	$ 220.0	$ 318.0
Interest (income) expense, net	178.0	175.1	145.6
Income tax expense (benefit)	102.5	53.9	9.8
Depreciation and amortization expense	341.4	331.3	329.8
(Gain) loss on sale or disposition of assets	(1.3)	(0.9)	(1.5)
Write-down of assets	0.8	3.4	6.2
(Gain) loss from financing activities	2.1	—	—
(Gain) loss from sale of equity method investment	—	—	—
Transaction costs related to business acquisition (1)	—	—	3.6
Equity (earnings) loss	(2.8)	(3.0)	(0.3)
Distributions from unconsolidated affiliates and preferred partner interests, net	4.5	5.3	5.5
Compensation on equity grants	16.7	15.7	15.7
Risk management activities	18.8	33.5	7.5
Noncontrolling interests adjustments (2)	(0.4)	(1.0)	0.5
Litigation Expense (3)	—	6.9	—
Adjusted EBITDA	**$ 959.9**	**$ 840.2**	**$ 840.4**

(1) Includes financial advisory, legal and other professional fees, and other one-time transaction costs.
(2) Noncontrolling interest portion of depreciation and amortization expense.
(3) Litigation expense includes 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.

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, Distributable Cash Flow and Adjusted Free Cash					
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 and preferred partner interests, net	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**
Distributions to TRP preferred limited partners	—	—	—	(15.1)	(11.3)
Interest expense on debt obligations (9)	(675.8)	(447.6)	(376.2)	(388.9)	(342.1)
Maintenance capital expenditures, net (10)	(223.4)	(168.1)	(131.7)	(104.2)	(134.9)
Cash taxes	(13.6)	(6.7)	(2.7)	44.4	—
Distributable Cash Flow	**$ 2,617.2**	**$ 2,278.7**	**$ 1,541.4**	**$ 1,172.8**	**$ 947.2**
Growth capital expenditures, net (10)	(2,224.5)	(1,177.2)	(407.7)	(597.9)	(2,281.7)
Adjusted Free Cash Flow	**$ 392.7**	**$ 1,101.5**	**$ 1,133.7**	**$ 574.9**	**$ (1,334.5)**

(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. There was no impact to Distributable Cash Flow.
(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.

Non-GAAP Measures Reconciliation

	Three Months Ended,		
	December 31, 2023	September 30, 2023	December 31, 2022
		(in millions)	
Gathering and Processing Segment			
Operating margin	$ 536.3	$ 505.0	$ 544.0
Operating expenses	185.7	189.6	177.3
Adjusted operating margin	**$ 722.0**	**$ 694.6**	**$ 721.3**
Logistics and Transportation Segment			
Operating margin	$ 554.2	$ 457.4	$ 441.6
Operating expenses	84.4	88.8	74.4
Adjusted operating margin	**$ 638.6**	**$ 546.2**	**$ 516.0**

Non-GAAP Measures Reconciliation

	Full Year 2024E
	(in millions)
Reconciliation of Estimated Net Income attributable to Targa Resources Corp. to Estimated Adjusted EBITDA	
Net income attributable to Targa Resources Corp.	**$ 1,185.0**
Interest expense, net	730.0
Income tax expense	475.0
Depreciation and amortization expense	1,350.0
Equity earnings	(15.0)
Distributions from unconsolidated affiliates	20.0
Compensation on equity grants	65.0
Risk management and other[1]	—
Noncontrolling interests adjustments[2]	(10.0)
Estimated Adjusted EBITDA	**$ 3,800.0**

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

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.

GENERAL INQUIRIES/CORPORATE HEADQUARTERS

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