

Targa Resources Corp.

Investor Presentation

December 2022



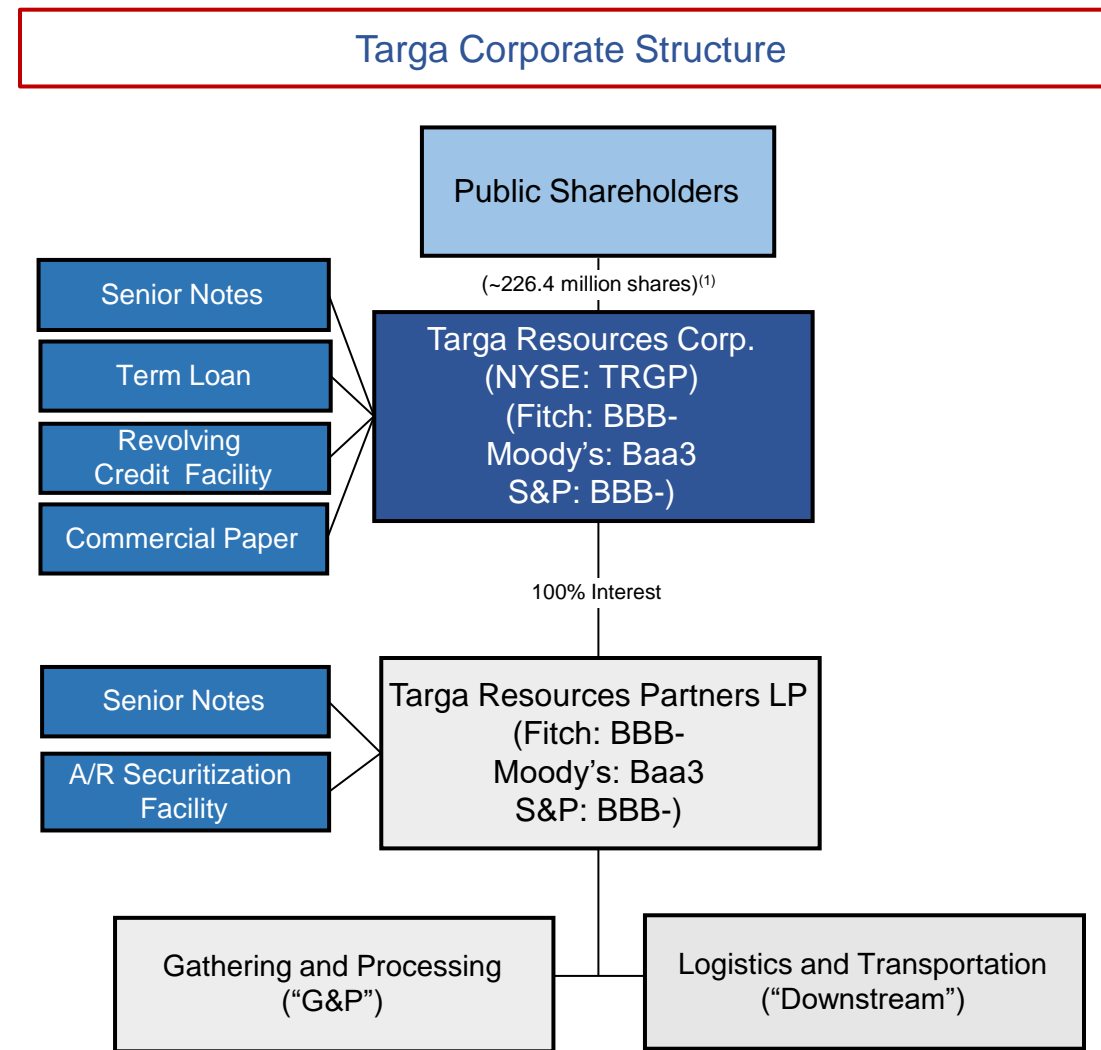
Forward Looking Statements and Corporate Structure



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 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.



Targa is a Leading Infrastructure Company



Premier Permian Basin Natural Gas Gathering and Processing Assets

- Largest gatherer and processor of natural gas in one of the top resource plays in the world
- Producer customers have decades of attractive development inventory
- Delaware Basin acquisition completed in summer 2022
- Significant volume growth expected looking forward given depth of producer inventory



Leading Natural Gas Liquids Transportation, Fractionation and Export Player

- Continuing to add difficult to replicate assets in and around Mont Belvieu, TX the NGL market hub
- Manage volumes from gathering and processing footprint through transport, frac and export assets
- Important provider of NGLs to key domestic and international markets



Significant Financial Flexibility

- Strong investment grade balance sheet
- Robust long-term growth outlook underpinned by organic investment opportunities
- Returning an increasing amount of capital to shareholders



Added to the S&P 500 in October 2022



Significant Growth Across Integrated Asset Footprint

Assets connect key U.S. natural gas and NGL supply to domestic and international demand markets

Wellhead to Water Solution

Substantial natural gas gathering and processing in multiple basins

53 natural gas processing plants⁽¹⁾
~11 Bcf/d gross processing capacity⁽¹⁾

NGL pipelines connect G&P volumes to Mont Belvieu fractionation and export assets

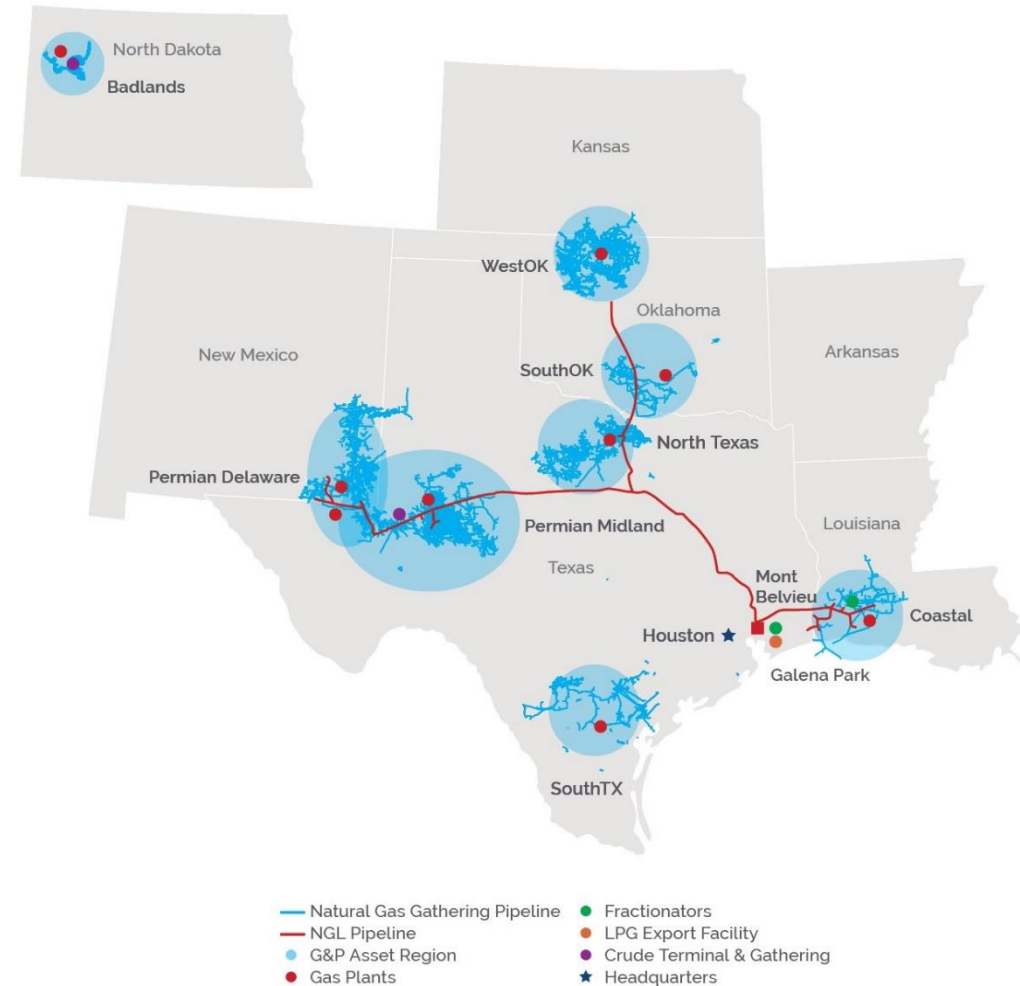
Premier NGL fractionation footprint in Mont Belvieu

9 fractionation trains
~960 MBbl/d gross fractionation capacity⁽²⁾

Superior connectivity to U.S. petrochemical complex and top-tier LPG export facility⁽³⁾

~12.5 MMBbl/month effective working capacity

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



(1) Includes announced Permian Midland and Permian Delaware plant additions currently underway, and the expected idling of the Sand Hills plant.

(2) Includes 40 MBbl/d of back-end capacity, Train 9 scheduled to be completed in Q2 2024 and does not include Targa's equity interest in GCF; GCF facility was idled in January 2021 but is available for reactivation subject to prevailing market conditions and agreement with our partners.

(3) Connected to Mont Belvieu, the U.S. NGL hub, which handles the majority of U.S. NGLs. Export facility has an effective working capacity of 12.5 MMBbl/month, and this capability is dependent on the mix of propane and butane demand, vessel size and availability of supply, among other factors.

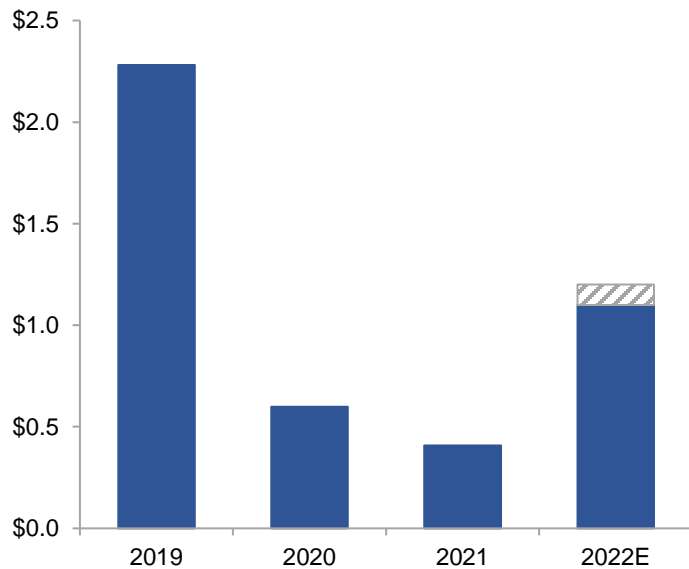
Strong Balance Sheet Drives Longer Term Financial Flexibility



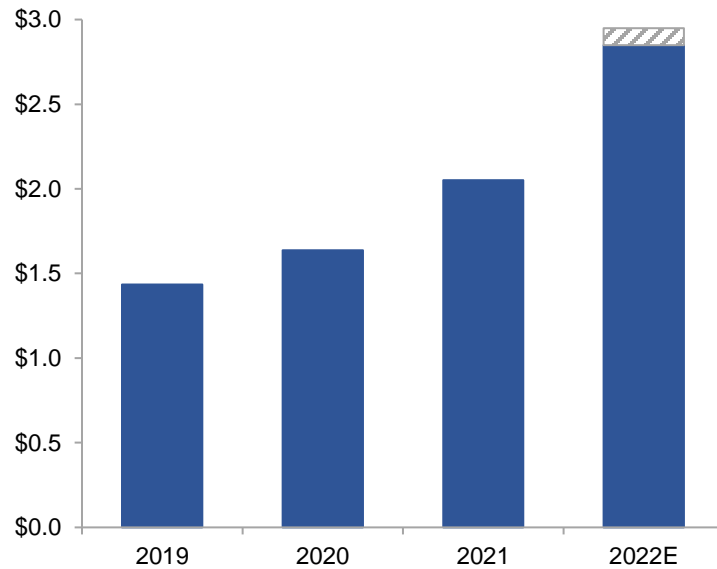
Maintaining balance sheet strength and financial flexibility over the long-term remain a key priority

- Continuing to invest in attractive organic growth projects
- Strong business performance and investments driving adjusted EBITDA growth and robust cash flow generation
- In position to return incremental capital to shareholders via common dividend increases + common share repurchases
- Nearest senior note maturity in 2027

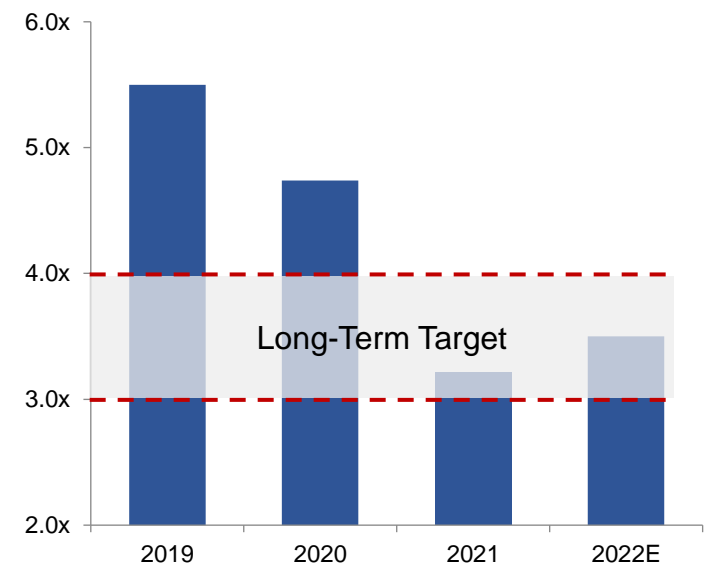
Net Growth Capex (\$B)



Adjusted EBITDA (\$B)⁽¹⁾



Consolidated Leverage



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.

Full Year 2022 Financial Estimates



On-track to deliver significant year-over-year estimated adjusted EBITDA growth

Financial Metrics	2022 Estimates
Adjusted EBITDA ⁽¹⁾	\$2,850 - \$2,950 million
Net Growth Capex	\$1,100 - \$1,200 million
Net Maintenance Capex	\$150 million
Segment Operating Margin Mix (G&P/L&T)	~60% / ~40%

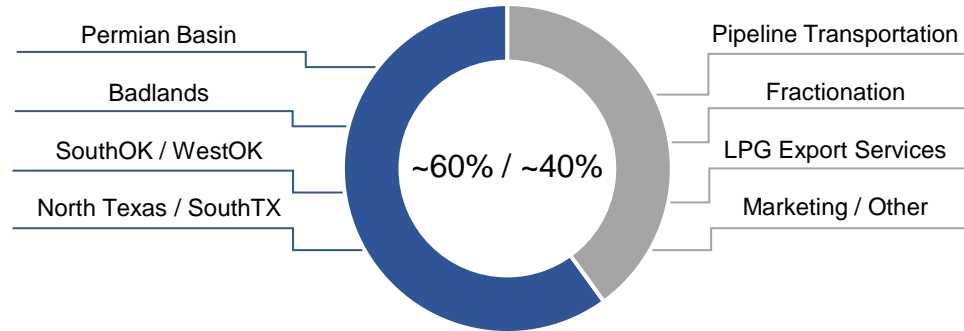
Announced Major Capital Projects	Estimated In-Service Date
Permian Midland	
Legacy II Plant	2Q23
Greenwood Plant	4Q23
Permian Delaware	
Midway Plant	2Q23
Wildcat II Plant	1Q24
Logistics & Transportation	
Train 9	2Q24
Daytona NGL Pipeline	End of 2024



Integrated Platform Supports Fee-Based Profile

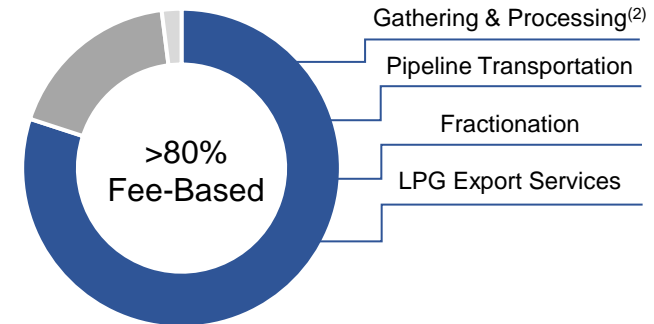
Durable earnings power from significant fee-based margin across Targa businesses

Segment Business Mix 2022E⁽¹⁾



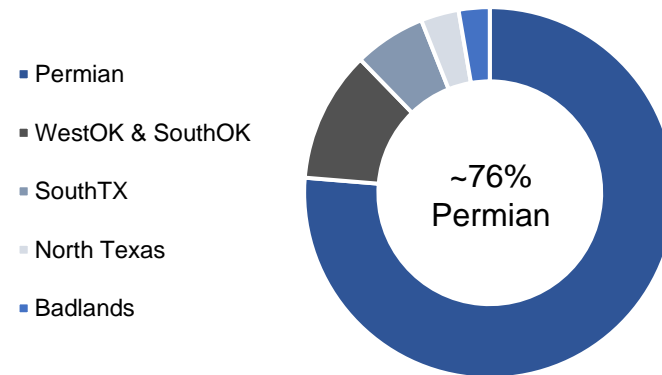
■ Gathering & Processing ■ Logistics & Transportation

Fee-Based Profile 2022E⁽¹⁾



■ Fee-Based ■ Commodity Sensitivity (Hedged) ■ Commodity Sensitivity (Unhedged)

Targa Field G&P Plant Natural Gas Inlet Volume Mix⁽³⁾



(1) Segment business mix and fee-based profile based on fully consolidated 2022E operating margin and adjusted operating margin, respectively, including 100% interest in Badlands.
 (2) Fee-based margin in G&P segment includes Badlands (fully consolidated adjusted operating margin), SouthOK, SouthTX and significant portions of Permian Delaware, Permian Midland, and WestOK.
 (3) Based on average inlet for three months ended 9/30/2022; Targa Badlands also includes significant crude infrastructure position.

Risk Management

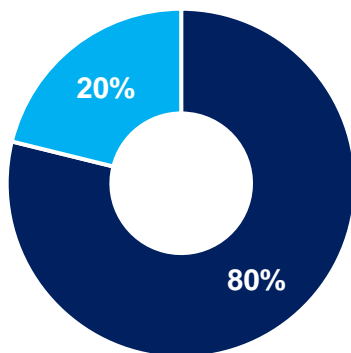


Risk management framework further strengthens cash flow stability

Credit Risk Management

- **Gathering & Processing**
 - ▶ Targa is predominantly in a net payable position to its G&P customers
 - ▶ Diverse group, primarily investment grade (“IG”) and large well capitalized producers
- **Logistics & Transportation**
 - ▶ Targa is predominantly in a net payable position to customers in its NGL transportation and fractionation businesses
 - ▶ Diverse group, primarily IG and large well capitalized firms
 - ▶ LPG export customers are either IG or required to post a letter of credit (“LC”) to cover exposure

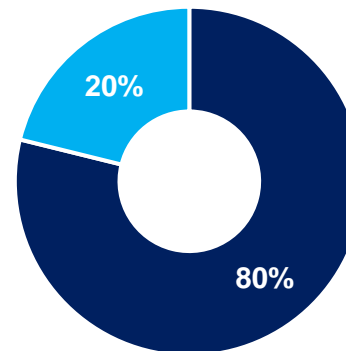
Top 10 Permian G&P Customers



- Investment Grade
- Non-Investment Grade

- ▶ ~80% of volume from Top 10 customers is from IG customers
- ▶ Top 10 customers represent ~75% of total Permian volume

Revenue from Top 25 Customers⁽¹⁾



- IG or LC Backed
- Non-IG or Non-LC Backed

- ▶ ~80% of revenue from top 25 customers is from IG customers or backed by an LC
- ▶ Top 25 customers represent ~70% of total revenue

Hedging Program

- Targa employs a programmatic hedging program, with rolling quarterly targets, to manage its equity exposure under POP contracts in its G&P segment
- Targa seeks to be ~75% hedged in year 1, ~50% hedged in year 2, and ~25% hedged in year 3
- Targa is hedged above its programmatic levels for the balance of 2022 and for 2023



TARGA

Integrated Infrastructure Platform

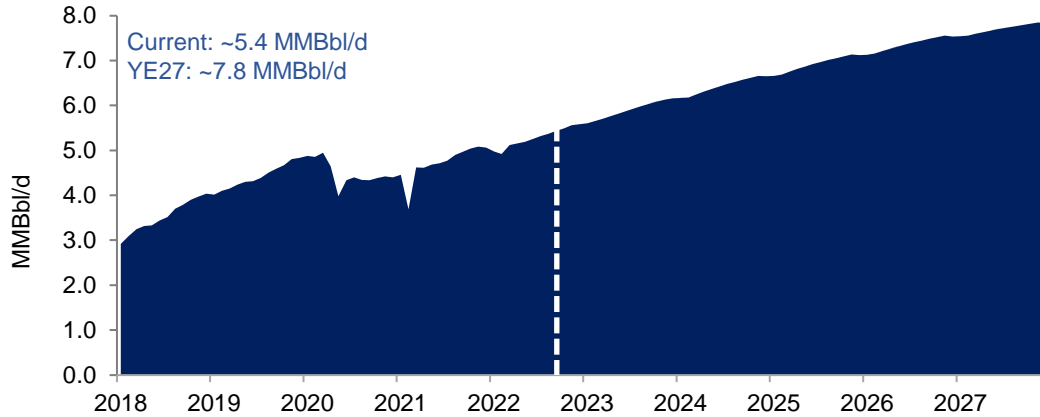


Permian Basin is a World-Class Resource

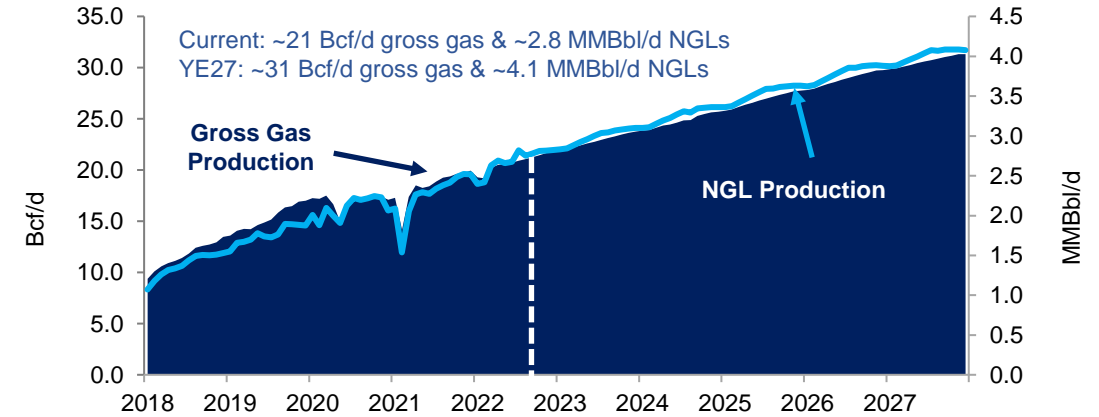


Targa's leadership position in the Permian and integrated platform move significant liquids to NGL hub in Mont Belvieu

Permian Crude Oil Production Forecast⁽¹⁾

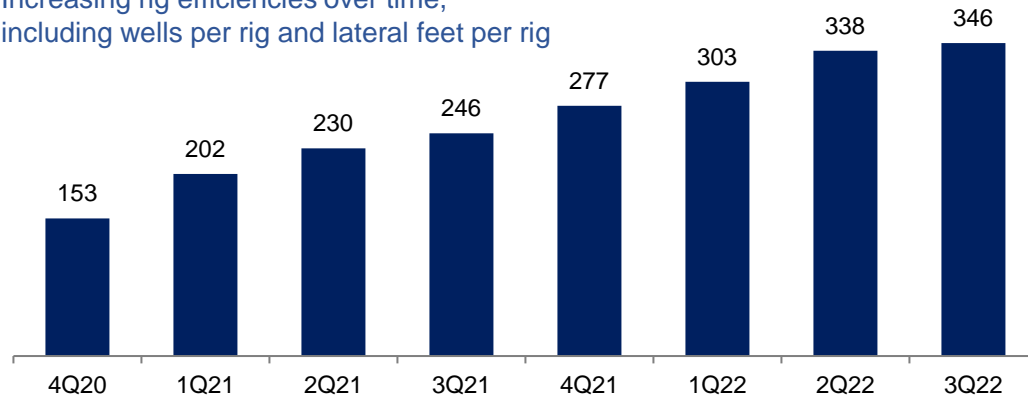


Permian Gross Gas and NGL Production Forecast⁽¹⁾

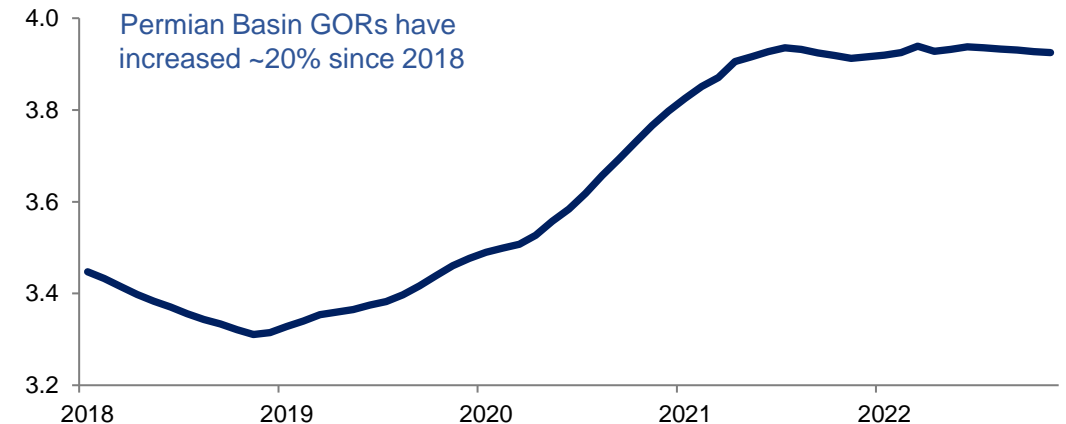


The Permian Accounts for >50% of US Shale Rigs ⁽²⁾

Increasing rig efficiencies over time, including wells per rig and lateral feet per rig



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

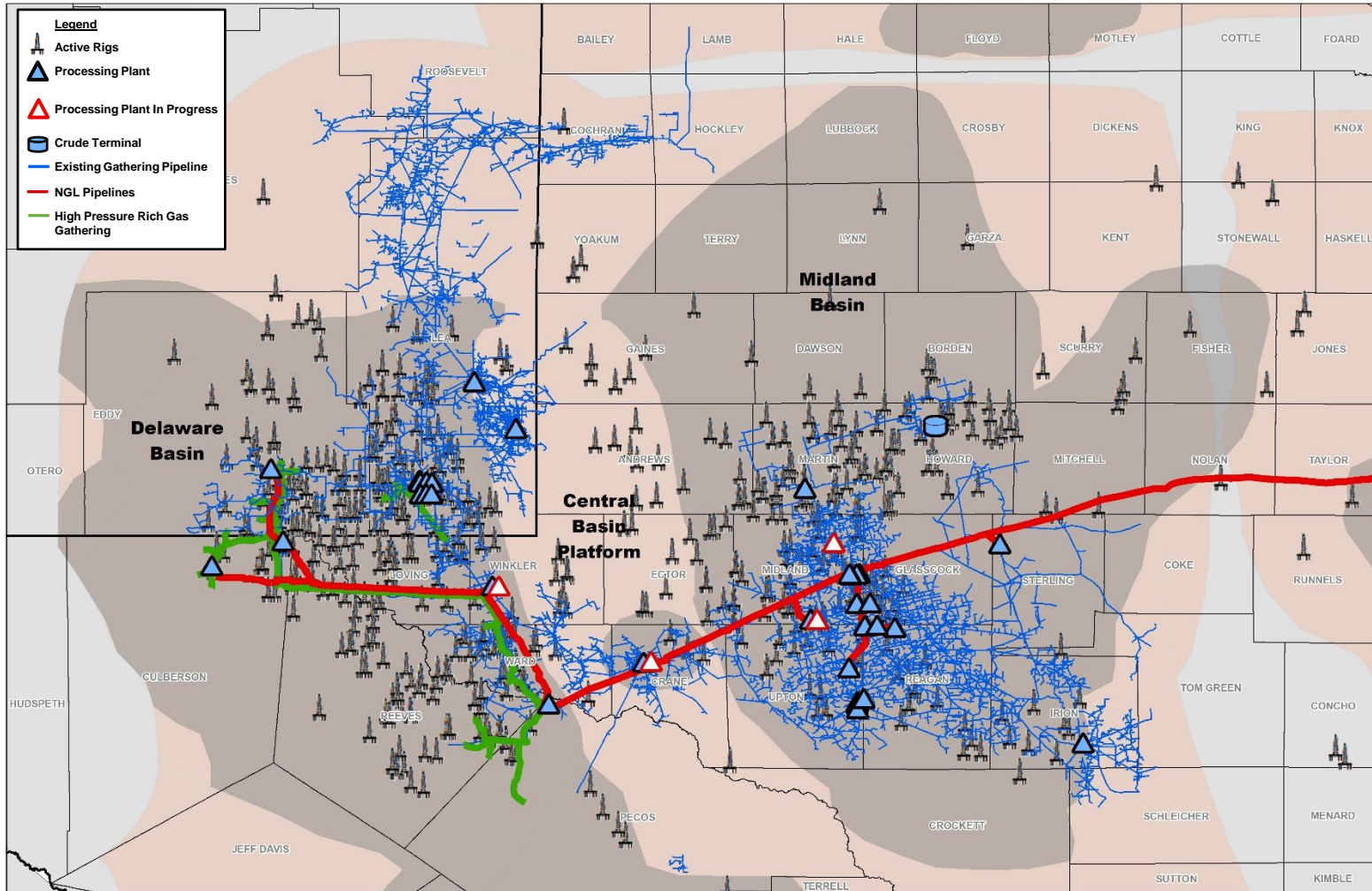


(1) Source: BTU Analytics – October 2022; NGL Production forecast assumes current recovery factors.
 (2) Source: Baker Hughes.
 (3) Source: EIA Drilling Productivity Report – October 2022 (rolling average LTM basis).

Targa's Premier Permian Asset Footprint



Recent Delaware Basin acquisition further enhance systems across the Midland and Delaware Basins



Multi-plant, multi-system Permian footprint, complemented by Grand Prix and Daytona NGL pipelines integration and connectivity to natural gas residue takeaway pipelines

Premier Permian G&P position backed by significant acreage dedications from diverse producer group

35 plants with ~6.6 Bcf/d⁽¹⁾ of total gross natural gas processing capacity
 Midland capacity ~3.6 Bcf/d
 Delaware capacity ~3.1 Bcf/d

Source: Enverus; rigs as of October 17, 2022.

(1) Includes Legacy II plant expected in Q2 2023, Midway plant expected in Q2 2023, Greenwood plant expected in Q4 2023, Wildcat II plant expected in Q1 2024, and the expected idling of the Sand Hills plant.

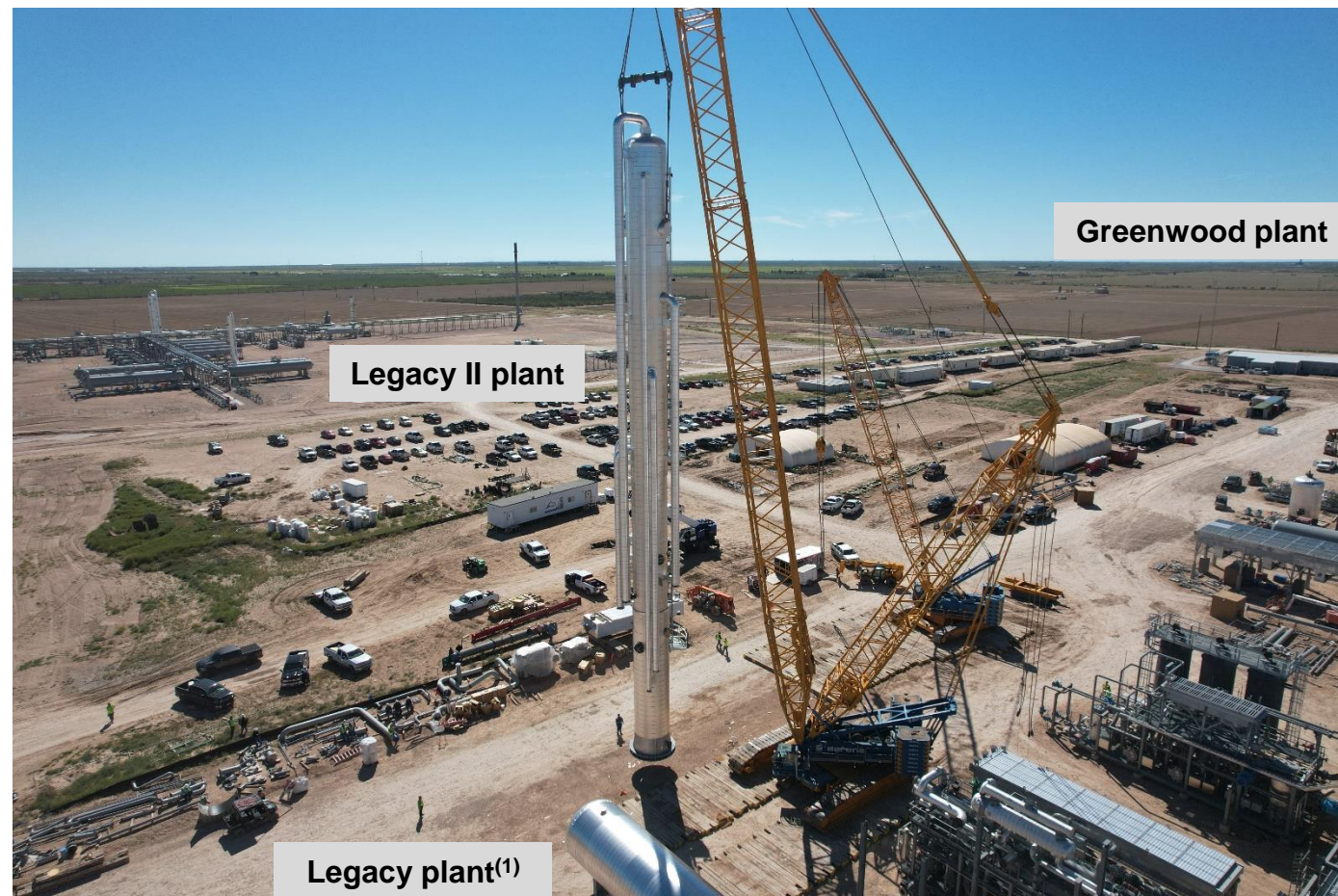
Permian Midland Expansions



Midland Basin processing expansions provide attractive integrated returns

Strategic Merits

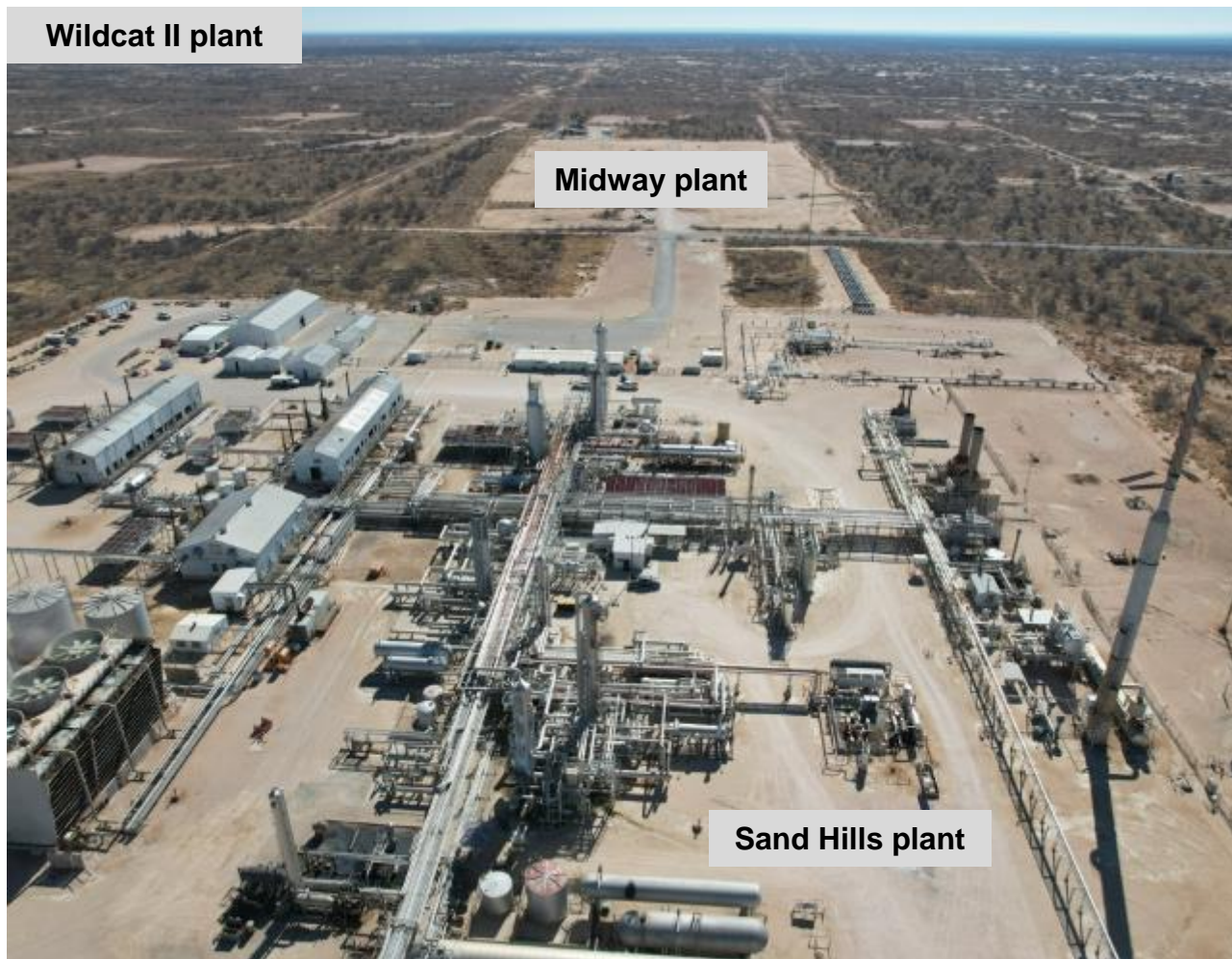
- To support increasing activity and production outlooks, Targa is adding an incremental 550 MMcf/d of natural gas processing capacity in the Midland Basin – Legacy II plant in 2Q23; Greenwood plant in 4Q23
- Substantial portion of NGLs available to transport on Targa’s NGL pipeline system and direct to Targa’s fractionation complex in Mont Belvieu
- Expansions provide attractive integrated Targa returns
- Incremental G&P volumes supported with fee-floor structures
- Electric-driven processing plants will improve operational performance
- Incremental capacity to enhance overall system operational flexibility



Permian Delaware Expansions



Expansions provides attractive integrated returns and enhances operational performance



Strategic Merits

Midway plant

- Construction continues on the new 275 MMcf/d plant (Midway) to replace Sand Hills plant and is expected to begin operations in 2Q23
- Increases connectivity with bi-directional flow capabilities between Targa Midland and Delaware Basin systems
- Modernized equipment to enhance operational performance, reliability and reduce operating costs (older Sand Hills plant to be idled)

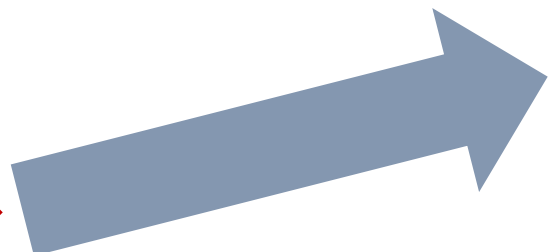
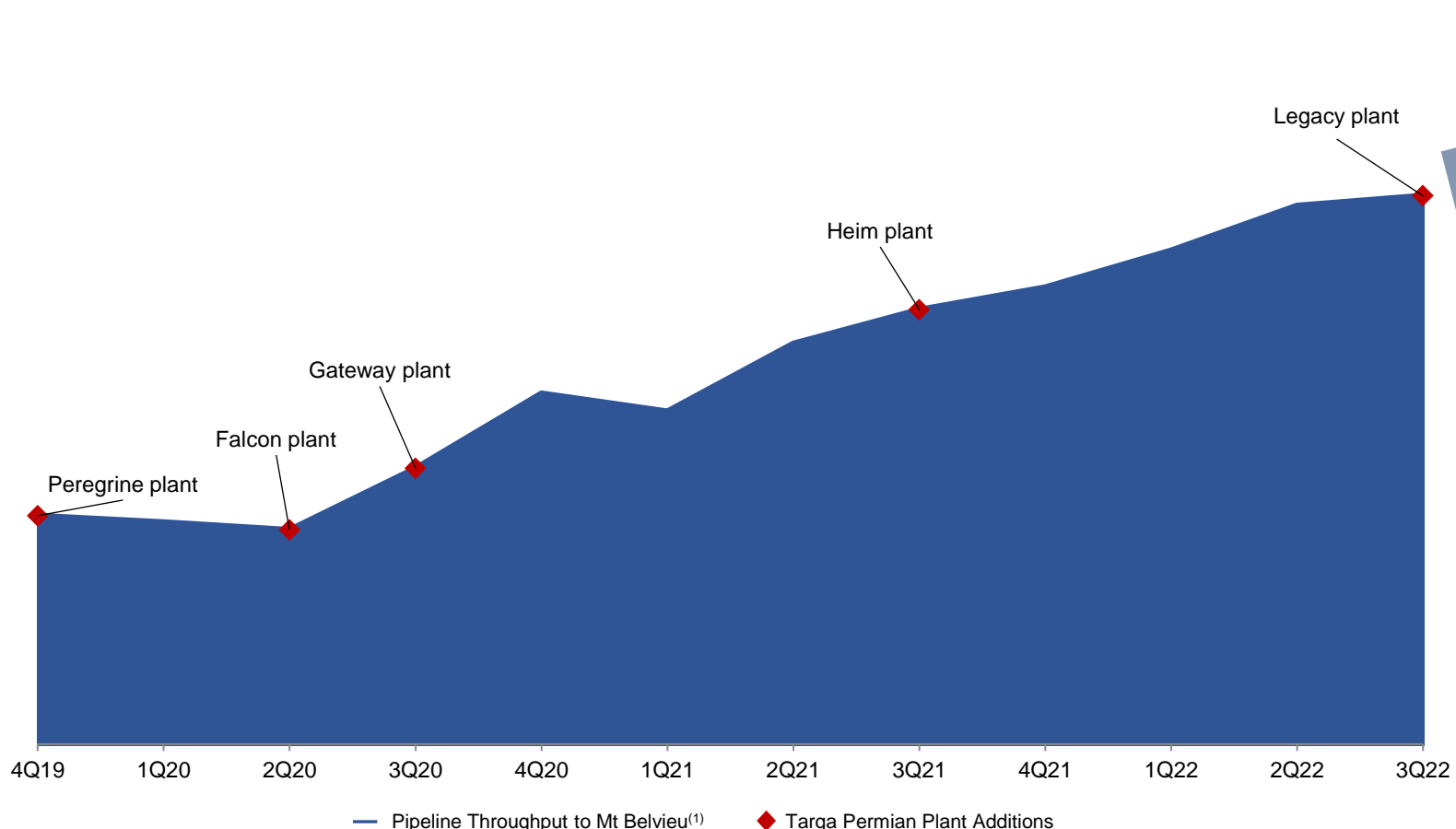
Wildcat II plant

- To support increasing activity and production outlooks, Targa is adding a new 275 MMcf/d plant in the Delaware Basin, expected to begin operations in 1Q24
- Substantial portion of NGLs available to transport on Targa's NGL pipeline system and direct to Targa's fractionation complex in Mont Belvieu
- Expansion provides attractive integrated Targa returns

Targa's NGL Pipeline Transportation System



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



Announced Targa plant construction underway:

- Legacy II plant 2Q23
- Midway plant 2Q23
- Greenwood plant 4Q23
- Wildcat II plant 1Q24

Expected Growth in NGL volumes:

- Targa Permian volume growth
- Targa plant construction underway
- Targa future plant additions
- Expiration of obligations on third party pipelines, including medium term obligations associated with Targa's recent Delaware Basin acquisition
- Third parties

- Targa's Grand Prix NGL Pipeline began operations in 3Q19 and has quickly ramped with recent deliveries into Mont Belvieu averaging 500 MBbl/d⁽¹⁾ in 3Q22
- In November 2022, Targa announced plans to construct the Daytona NGL Pipeline to support growth in NGLs from Targa's Permian G&P assets and future plant additions

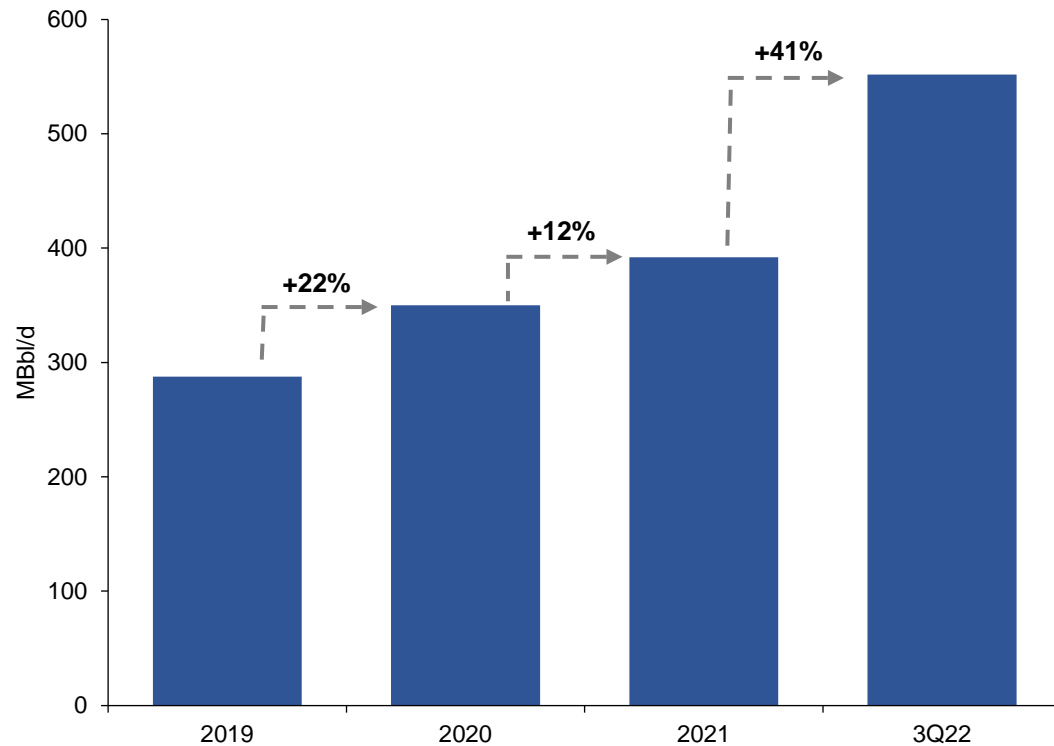
⁽¹⁾ Grand Prix NGL Pipeline deliveries to Mont Belvieu include volumes from Targa's systems in North Texas and SouthOK, and its extension into central Oklahoma.

NGL Production Feeds Logistics & Transportation Assets



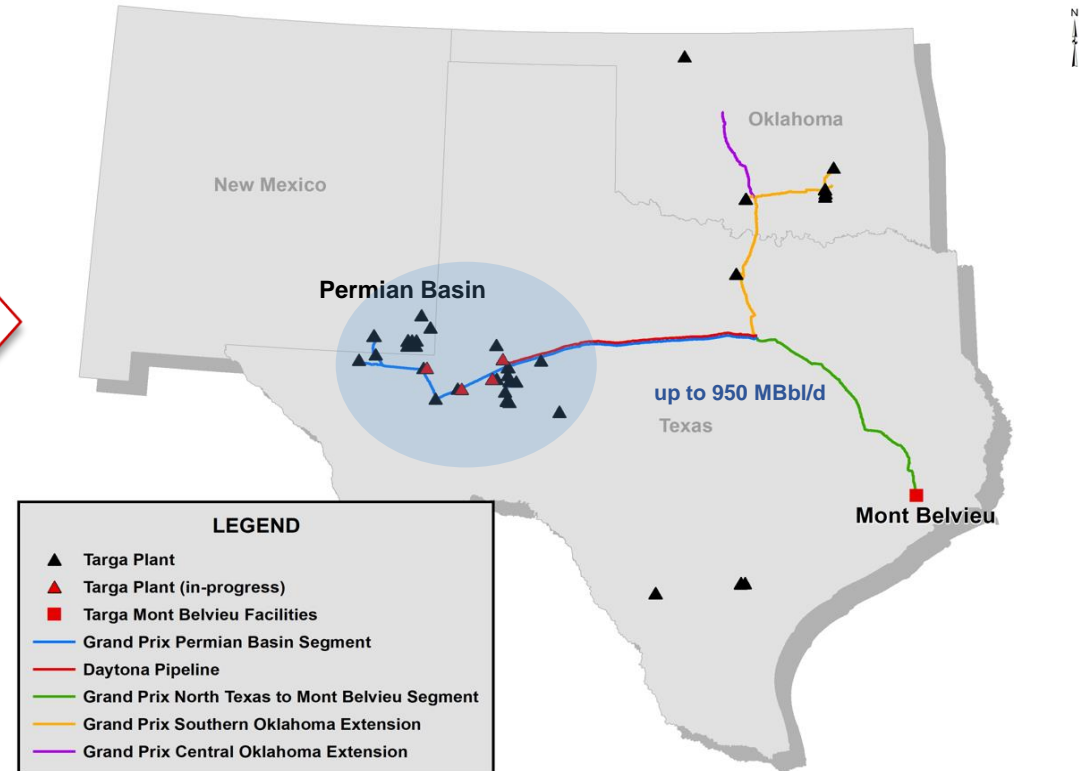
Targa's NGL pipelines connect and direct significant NGL volumes to its fractionation complex in Mont Belvieu

Significant NGLs from Targa Permian Plants



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

Targa's NGL Transportation Pipelines



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

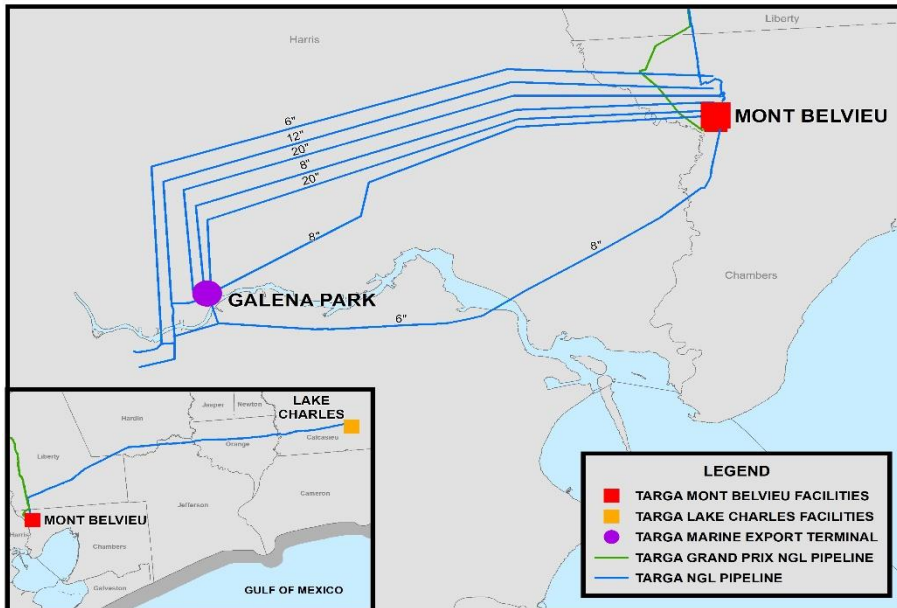


NGL Market Hub With Global Reach

Logistics assets exceedingly difficult to replicate, fee-based businesses, with significant take-or-pay

Premier Fractionation Ownership Position in Mont Belvieu

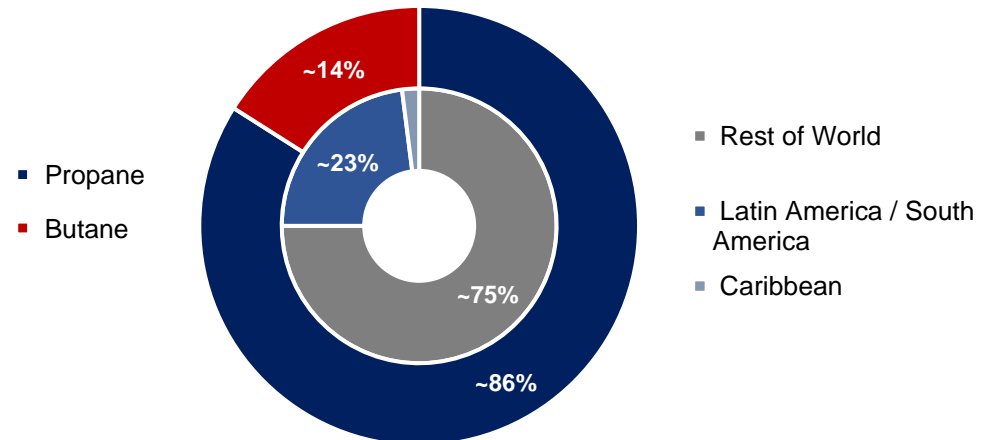
- Mont Belvieu is the U.S. NGL market hub developed over decades of industry investment
- ~960 MBbl/d⁽¹⁾ gross fractionation capacity in Mont Belvieu; 55 MBbl/d in Lake Charles
- 54 MMBbls of storage capacity in Mont Belvieu
- Superior connectivity to demand (U.S. petrochemical complex and exports)



LPG Export Services Business Connects to Global Demand

- Effective LPG export working capacity ~12.5 MMBbl/month (nameplate loading capacity up to ~15 MMBbl/month)⁽²⁾
- Targa advantage - connected to fractionation, storage, supply/market interconnectivity, refrigeration, and de-ethanizers
- Differentiated facility due to commercial and operational flexibility on vessel size and cargo composition
- LPG exports provide critical source of cleaner fuels for developing nations

LPG Exports by Destination & Product Mix⁽³⁾



(1) Includes 40 MBbl/d of back-end capacity, Train 9 scheduled to be completed in Q2 2024 and does not include Targa's equity interest in GCF; GCF facility was idled in January 2021 but is available for reactivation subject to prevailing market conditions and agreement with our partners.

(2) Effective capacity based on current product mix of ~70%/30% propane/butane; nameplate operational capacity up to ~15 MMBbl/month based on supply availability, product mix, vessel schedule, among other factors.

(3) Trailing twelve months ended September 30, 2022.

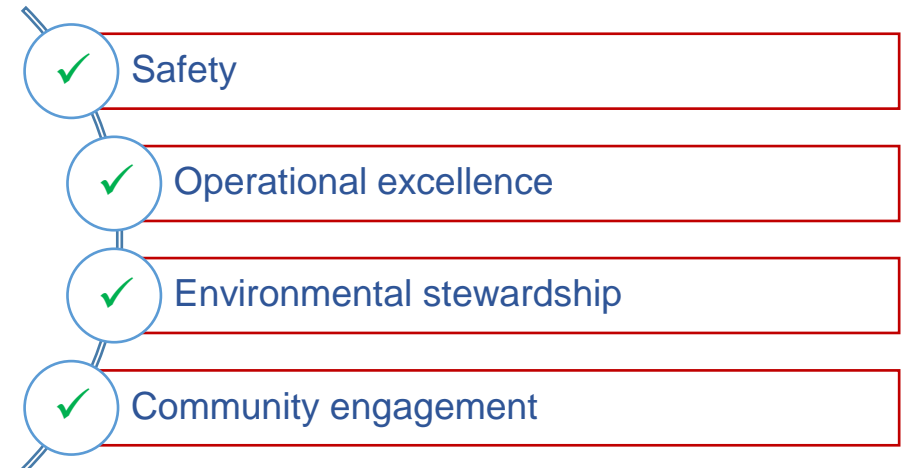
We Own and Operate Critical Infrastructure



Our operations are essential to the efficient, safe, and reliable delivery of energy across the U.S. and increasingly the world



- Targa's operations connect natural gas and NGLs to domestic and international markets with growing demand for cleaner fuel and feedstocks
- We believe that natural gas, NGLs and LPG will continue to play an important role in the energy transition to a lower carbon future for decades to come
 - ▶ Source of cheap and reliable energy with lower emissions that offset coal
 - ▶ Fills the gap in energy demand that renewable energy cannot meet
- We are focused on capturing opportunities and managing risk to continue to create long term value for our shareholders, our partners, and our communities





ESG Approach – Delivering Energy Sustainably

Targa is part of the energy infrastructure that is delivering safe, reliable energy to global communities

Environmental Stewardship

We are focused on minimizing our impact on the environment and creating environmental awareness, as we work to safely and responsibly fulfill our role in the energy value chain.



Safety Leadership

We know that our success as a company hinges on our ability to protect our workforce and the public, and to maintain the integrity of our assets. We promote a safety-first culture and operate our assets in a way that continuously exceeds industry standards.



Corporate Governance

We seek to operate our business responsibly, ethically, and in a manner aligned with the interests of our shareholders. We believe that good corporate governance creates a business environment that is conducive to long-term investments and sustainable economic growth.



Social Responsibility

Our talented and dedicated team is our most valuable resource, and we are committed to their health, safety and development. Our commitment to building and fostering trust in the workplace also extends to the communities we serve.



2021 Sustainability Highlights



- Reduced scope 1 plus scope 2 GHG intensity by 12%
- Reduced flaring volumes from emissions events by 40%
- Exported approximately 4.9 billion gallons of LPG globally in 2021 that can offset higher GHG-emitting fuels
- Completed aerial methane detection on 13,000 miles of pipelines and 162 surface facilities in the Permian
- Decreased preventable vehicle accident rate by 31%
- Received the International Liquid Terminals Association (ILTA) safety excellence award for the second year in a row
- 25% of our Board of Directors were women; and 17% were from under-represented racial or ethnic groups
- Our Board-level Sustainability Committee continues to oversee management's implementation of strategy to integrate sustainability into various business activities to create long-term stakeholder value

Our Goals by 2025

↓ **.08%**

Reduce our methane intensity to 0.08% for our gathering and boosting segment

↓ **.11%**

Reduce our methane intensity to 0.11% for our processing segment



Targa sits on the ONE Future Steering Committee and participates in the Technical Committee

Participated in API Environmental Partnership aerial methane surveys



Expand commitment to implement methane reduction projects

Targa is Well-Positioned to Support Global Energy Needs

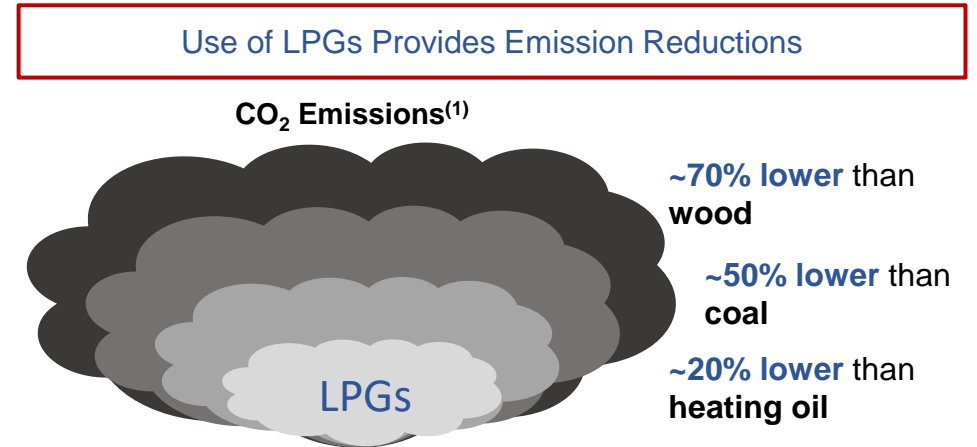


Targa's facilities exported ~4.9 billion gallons of LPGs globally in 2021 and helped reduce global CO₂ emissions

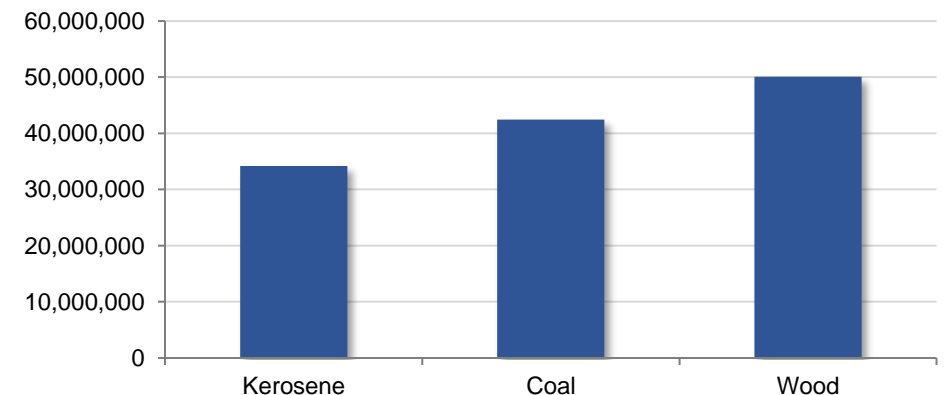
- LPGs are replacing biomass in many rural communities, and LPG demand is growing in China, India, Indonesia, Bangladesh and across many countries in Africa
 - ▶ Where electricity is not available, the use of LPGs have a positive impact on the health and prosperity for local people in these nations by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

- LPGs advance the United Nations' 2030 Agenda for Sustainable Development, including the achievement of goals directed towards health, poverty, women, children, environment, deforestation, energy and climate
 - ▶ **~3 billion** people (>**35%** of the global population) still rely on solid fuels and kerosene for cooking⁽¹⁾
 - ▶ The lack of access to clean fuels contributes to the death of **>4 million** people each year⁽¹⁾

- LPG use supports and enables inclusive economic growth, promotes gender equality, protects the environment, and saves lives



Targa's 2021 LPG Exports Displaced Higher CO₂e Emitting Fuels (MT)⁽²⁾



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

⁽²⁾ Represents the total CO₂ equivalent for each fuel source relative to the ~4.9 billion gallons of LPGs, in aggregate, exported from Targa's facilities in 2021. Each fuel source converted to million British Thermal unit (MMBtu) based on its respective heating value (Btu equivalent) and then applied its respective CO₂ emissions as determined by EPA (40 CFR Part 98; 40 CFR Part 89), EIA, and Utah State Forestry Extension.

Reconciliations

Non-GAAP Financial Measures



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

The Company utilizes non-GAAP measures to analyze the Company's performance. Adjusted EBITDA, distributable cash flow, adjusted free cash flow and adjusted operating margin (segment) are non-GAAP measures. The GAAP measures most directly comparable to these non-GAAP measures are income (loss) from operations, Net income (loss) attributable to Targa Resources Corp. and segment operating margin. These non-GAAP measures should not be considered as an alternative to GAAP measures and have important limitations as analytical tools. Investors should not consider these measures in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Additionally, because the Company's non-GAAP measures exclude some, but not all, items that affect income and segment operating margin, and are defined differently by different companies within the Company's industry, the Company's definitions may not be comparable with similarly titled measures of other companies, thereby diminishing their utility. Management compensates for the limitations of the Company's non-GAAP measures as analytical tools by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these insights into the Company's decision-making processes.

Adjusted EBITDA

The Company defines adjusted EBITDA as Net income (loss) attributable to Targa Resources Corp. before interest, income taxes, depreciation and amortization, and other items that the Company believes should be adjusted consistent with the Company's core operating performance. The adjusting items are detailed in the adjusted EBITDA reconciliation table and its footnotes. Adjusted EBITDA is used as a supplemental financial measure by the Company and by external users of the Company's financial statements such as investors, commercial banks and others to measure the ability of the Company's assets to generate cash sufficient to pay interest costs, support the Company's indebtedness and pay dividends to the Company's investors.

Distributable Cash Flow and Adjusted Free Cash Flow

The Company defines distributable cash flow as adjusted EBITDA less cash interest expense on debt obligations, cash tax (expense) benefit and maintenance capital expenditures (net of any reimbursements of project costs). The Company defines adjusted free cash flow as distributable cash flow less growth capital expenditures, net of contributions from noncontrolling interest and net contributions to investments in unconsolidated affiliates. Distributable cash flow and adjusted free cash flow are performance measures used by the Company and by external users of the Company's financial statements, such as investors, commercial banks and research analysts, to assess the Company's ability to generate cash earnings (after servicing the Company's debt and funding capital expenditures) to be used for corporate purposes, such as payment of dividends, retirement of debt or redemption of other financing arrangements.

Non-GAAP Measures Reconciliation



	Year Ended December 31,		
	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 Flow			
Net income (loss) attributable to Targa Resources Corp.	\$ 71.2	\$ (1,553.9)	\$ (209.2)
Income attributable to TRP preferred limited partners	-	15.1	11.3
Interest (income) expense, net	387.9	391.3	337.8
Income tax expense (benefit)	14.8	(248.1)	(87.9)
Depreciation and amortization expense	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	2.0	58.4	71.1
Write-down of assets	10.3	55.6	17.9
(Gain) loss from sale of equity-method investment	-	-	(69.3)
(Gain) loss from financing activities (1)	16.6	(45.6)	1.4
Equity (earnings) loss	23.9	(72.6)	(39.0)
Distributions from unconsolidated affiliates and preferred partner interests, net	116.5	108.6	61.2
Change in contingent considerations	0.1	(0.3)	8.7
Compensation on equity grants	59.2	66.2	60.3
Risk management activities	116.0	(228.2)	112.8
Severance and related benefits (2)	-	6.5	-
Noncontrolling interests adjustments (3)	(89.4)	(224.3)	(38.5)
Adjusted EBITDA	\$ 2,052.0	\$ 1,636.6	\$ 1,435.5
Distributions to TRP preferred limited partners	-	(15.1)	(11.3)
Interest expense on debt obligations (4)	(376.2)	(388.9)	(342.1)
Maintenance capital expenditures, net (5)	(131.7)	(104.2)	(134.9)
Cash taxes	(2.7)	44.4	-
Distributable Cash Flow	\$ 1,541.4	\$ 1,172.8	\$ 947.2
Growth capital expenditures, net (5)	(407.7)	(597.9)	(2,281.7)
Adjusted Free Cash Flow	\$ 1,133.7	\$ 574.9	\$ (1,334.5)

(1) Gains or losses on debt repurchases or early debt extinguishments.

(2) Represents one-time severance and related benefit expense related to the Company's cost reduction measures.

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

(4) Excludes amortization of interest expense.

(5) Represents capital expenditures, net of contributions from noncontrolling interests and net contributions to investments in unconsolidated affiliates.

Non-GAAP Measures Reconciliation



	<u>Full Year 2022E</u> (in millions)
Reconciliation of Estimated Net Income attributable to Targa Resources Corp. to Estimated Adjusted EBITDA	
Net income attributable to Targa Resources Corp.	\$ 1,245.0
Interest expense, net	400.0
Income tax expense	340.0
Depreciation and amortization expense	1,050.0
Gain from sale of equity method investment	(440.0)
Loss from financing activities ⁽¹⁾	50.0
Equity earnings	(14.0)
Distributions from unconsolidated affiliates and preferred partner interests, net	40.0
Compensation on equity grants	55.0
Risk Management and other	180.0
Noncontrolling interests adjustments ⁽²⁾	(6.0)
Estimated Adjusted EBITDA	\$ 2,900.0



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