

# Targa Resources Corp.

U.S. Capital Advisors Midstream Conference

January 26, 2021

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**TARGA**

# Forward Looking Statements

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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.

# Premier Midstream Infrastructure Company



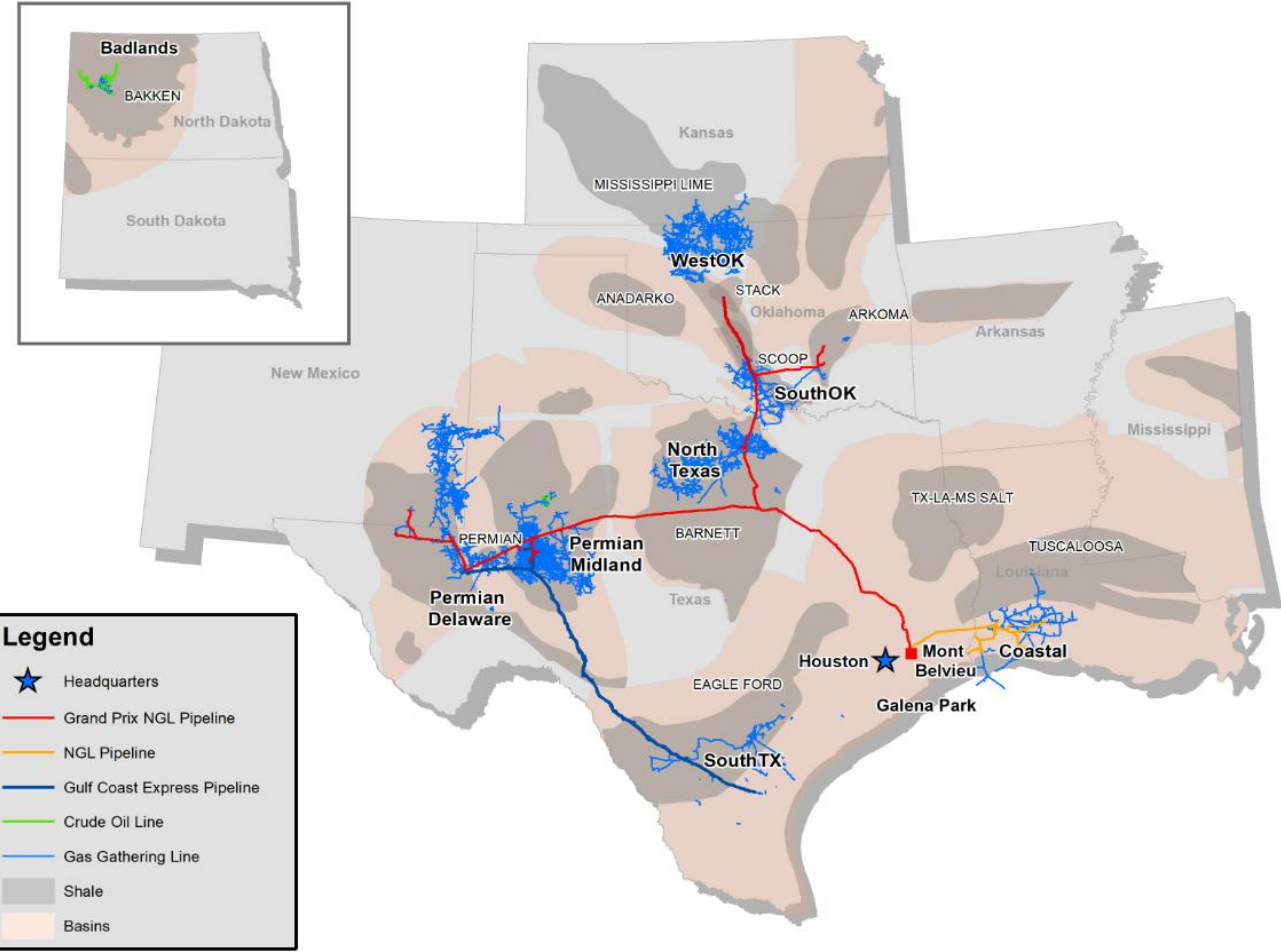
## Diverse Asset Platform Connects Natural Gas and NGL Supply Growth to Key Demand Markets

**Substantial natural gas gathering & processing in multiple basins**  
 ~10.8 Bcf/d gross processing capacity

**Premier NGL fractionation footprint in Mont Belvieu**  
 ~938 MBbl/d gross fractionation capacity

**Grand Prix NGL Pipeline connects G&P volumes to Mont Belvieu frac and export assets**

**Superior connectivity to US petrochemical complex and top-tier LPG export facility<sup>(1)</sup>**  
 Up to 15.0 MMBbl/month capacity LPG export terminal



**Legend**

- ★ Headquarters
- Grand Prix NGL Pipeline
- NGL Pipeline
- Gulf Coast Express Pipeline
- Crude Oil Line
- Gas Gathering Line
- Shale
- Basins

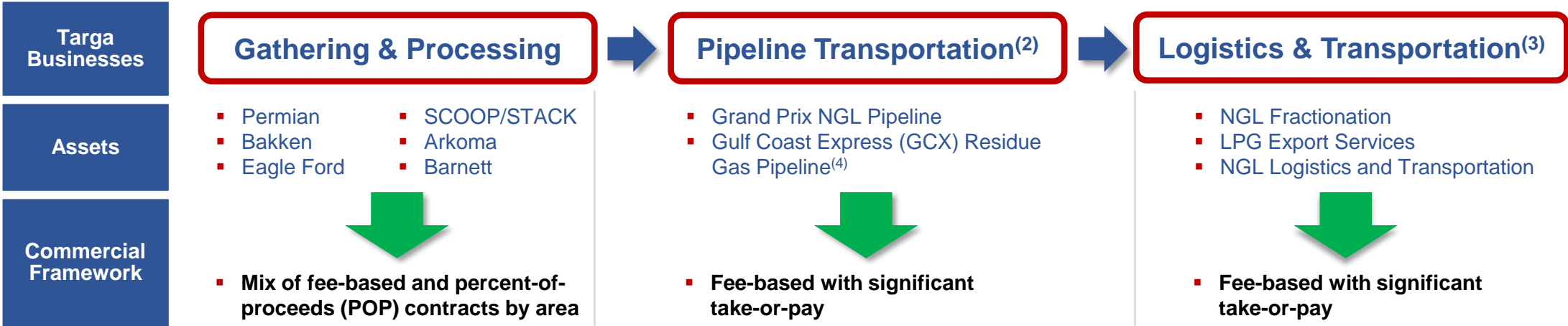
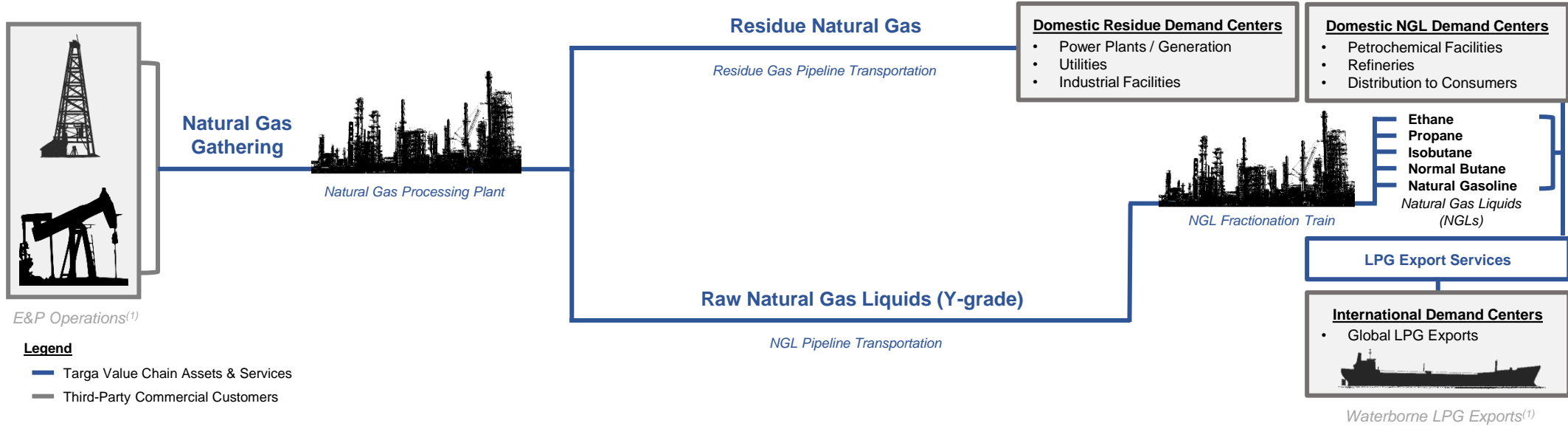
- 48 natural gas processing plants owned & operated
- ~30,100 miles of natural gas, NGL and crude oil pipelines
- 5 crude terminals with 135 MBbls of storage capacity
- 9 fractionation trains<sup>(1)</sup>
- New NGL and residue pipelines
- LPG export facilities<sup>(1)</sup>

(1) Directly linked to Mont Belvieu, the US NGL hub, which handles majority of US NGLs

# Targa Business Overview



## Portfolio of Integrated Assets Across Natural Gas and Natural Gas Liquids Value Chain



(1) Third-party commercial customers; not included in Targa operations  
 (2) Grand Prix results included in Targa's Logistics & Transportation segment  
 (3) Also referred to as "Downstream" segment  
 (4) Equity ownership interest

# Well-Positioned Midstream Infrastructure Company



## Integrated Asset Position

- One of the largest G&P positions in the Permian Basin with significant access to NGL supply
- Grand Prix NGL Pipeline connects diverse G&P with Mont Belvieu frac and export assets
- Downstream assets connected to US domestic petchem hub and international demand

**~\$6 Billion Market Cap<sup>(1)</sup>**  
**~\$15 Billion Enterprise Value**

## Financial Flexibility

- Reduced capital spending and operating and G&A expenses improve cash flow profile
- Reduced common dividend enhances free cash flow available to reduce debt
- Strong liquidity position
- Disciplined capital allocation bolsters long-term shareholder value

**~80% Fee-Based Margin<sup>(2)</sup>**

## Positioned for Long-Term Success

- Integrated asset platform aligns with key energy supply and demand fundamentals
- Focused on long-term business sustainability and ESG
- Single C-Corp public security and excellent alignment with common shareholders

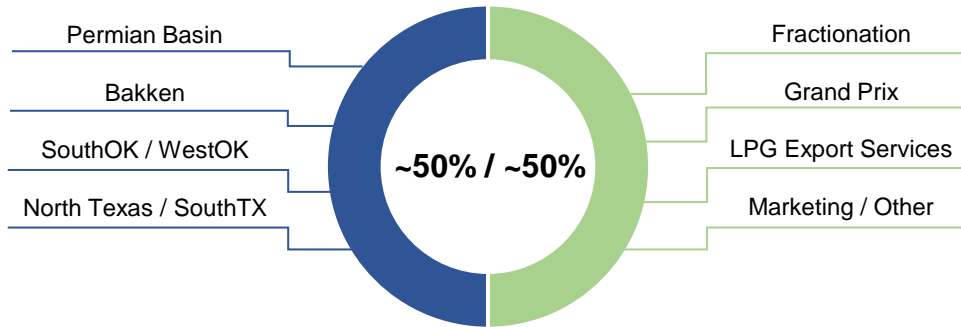
**\$0.40/share**  
**Annual Dividend**



# Integrated Platform Supports Fee-Based Profile

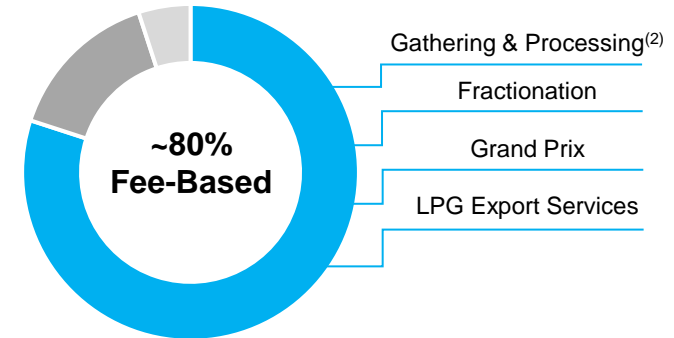
## Business Mix and Fee-Based Profile<sup>(1)</sup>

### Business Mix 2020E



■ Gathering & Processing ■ Logistics & Transportation

### Fee-Based Profile 2020E

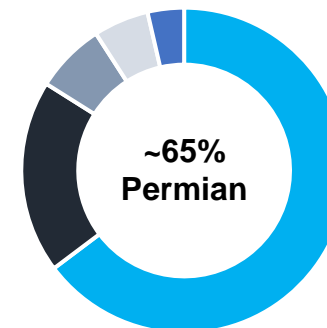


■ Fee-Based ■ Commodity Sensitive (Hedged) ■ Commodity Sensitive (Unhedged)

## Fee-Based Businesses and Leading Permian Supply Position

- Ramp in Downstream businesses to drive increasing fee-based margin
  - ▶ Grand Prix Pipeline, fractionation, LPG exports
- G&P segment now predominantly fee-based
  - ▶ Delaware Basin processing growth is fee-based
  - ▶ Increasingly adding fee-based margin across G&P (i.e. fee-floor and fee-based contracts)

### Targa G&P Plant Natural Gas Inlet Volume, MMcf/d<sup>(3)</sup>



■ Permian ■ WestOK & SouthOK ■ SouthTX ■ North Texas ■ Badlands

(1) Business mix and fee-based profile based on 2020E operating margin and gross margin, respectively  
 (2) Fee-based margin in Gathering & Processing segment includes Badlands (fully consolidated operating margin), SouthOK, SouthTX and significant portions of Permian Delaware, Permian Midland, and WestOK  
 (3) Based on average inlet for nine months ended 9/30/2020; Targa Badlands also includes significant crude infrastructure position

# Q3 Earnings Update



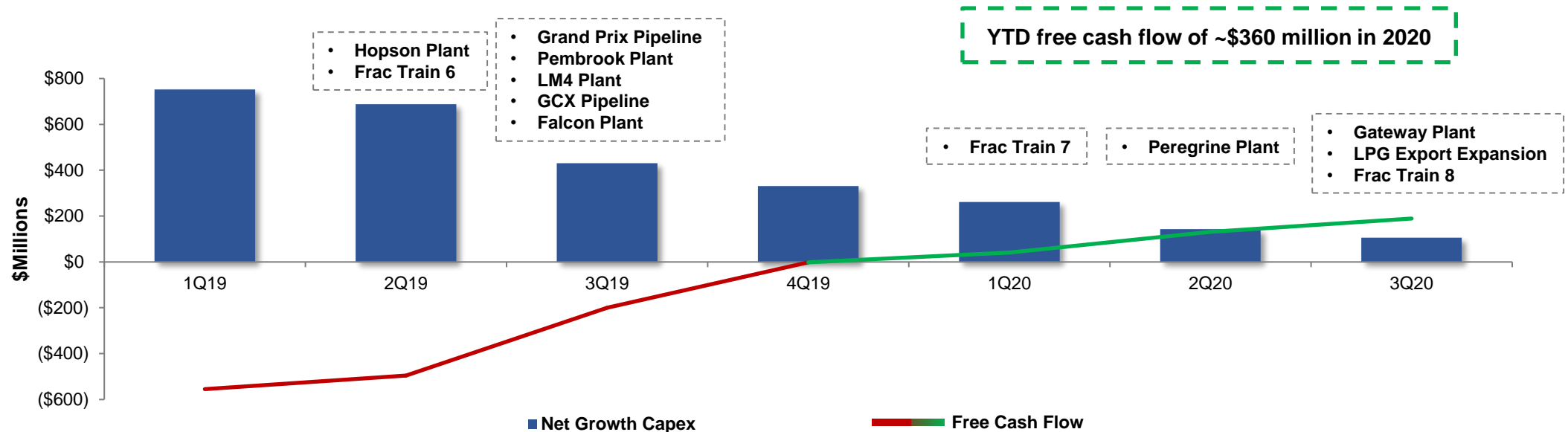
- **Remain focused on safeguarding employee health and safety and ensuring safe and reliable operations in response to COVID-19**
  - ▶ Continue to remain proactive to protect our employees and ensure safe continuity of operations
- **Business performance and lower capital spending driving increasing free cash flow**
  - Operational performance:
    - ▶ Targa continued to benefit sequentially from the strength of its integrated asset position and its leading Permian supply position
      - ✓ Permian G&P volumes +9% in Q3
      - ✓ Grand Prix transportation volumes +18% in Q3
      - ✓ LPG export volumes +22% in Q3
  - Financial update:
    - ✓ Q3 Adjusted EBITDA \$419mm, +19% over Q2; estimate FY20 Adjusted EBITDA around top-end of guidance range of \$1,500mm to \$1,625mm
    - ✓ Q3 free cash flow of \$189mm, \$143mm free cash flow after dividends
    - ✓ Reported Debt/EBITDA 4.8x
    - ✓ Pro forma available liquidity of \$2.1 billion (redeemed 5.25% May 2023 notes for \$560mm in November; closed on the sale of assets in Channelview, TX for \$58mm in October)
- **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 - Permian G&P ~60% fee-based YTD (Targa overall ~80% fee-based)**
- **Remain focused on continued capital and operating cost discipline; announced capex program substantially complete**
  - ▶ Announced the next Midland plant (Heim Plant) – relocating a plant from North Texas to Permian Midland (\$90mm capex, Q4 2021)
- **Long-term strategy to reduce leverage and simplify capital structure unchanged by share repurchase program**
  - ▶ As of November 2, 2020, we have repurchased ~4.5 million common shares at a weighted average price of \$16.33 for a total net cost of ~\$74 million

# Growth Transformation Complete - Improving FCF Profile



**Increasing FCF positions Targa to continue to execute long term strategy of reducing leverage over time**

- **Transformation of asset footprint from growth capital investments is complete; placed ~\$6.0B of assets in-service since early 2018**
  - ✓ Added ~2 Bcf/d of incremental capacity in the Permian Basin since 2018
  - ✓ Added ~320 MBbls/d of incremental frac capacity since 2018
  - ✓ Grand Prix NGL Pipeline began full service in 3Q19
  - ✓ Doubled LPG export capabilities with low-cost expansions
- **Targa benefiting from the strength of its integrated asset position and its leading Permian supply positions**
- **Increasing free cash flow profile creates significant financial flexibility**

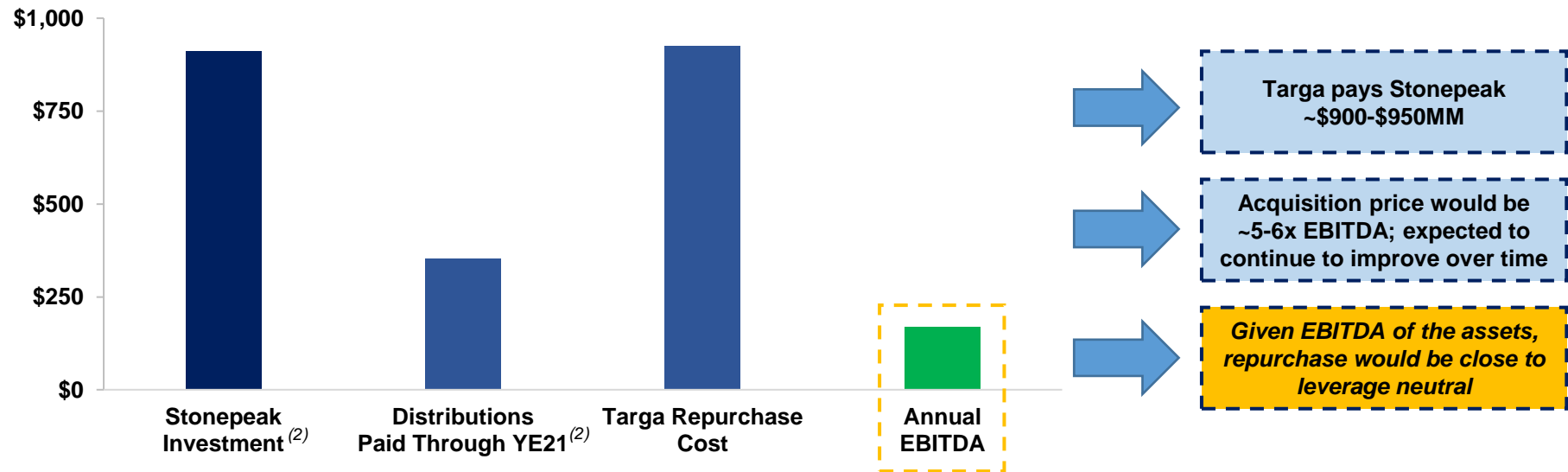




# Targa Development Company Joint Ventures (“DevCo JVs”)



- In February 2018, Targa executed DevCo JVs with Stonepeak Infrastructure Partners to support the development of three key fee-based downstream assets, with Targa retaining the option to re-acquire Stonepeak’s DevCo interests at a predetermined fixed rate**
  - Structure allowed Targa to access private capital at an attractive cost and retain upside associated with the projects
  - Repurchase price is based on the higher of a predetermined multiple on invested capital (MOIC) or fixed return (IRR), including distributions received by Stonepeak from the DevCo JVs; repurchases can be done in a single tranche or in multiple tranches
- DevCo JV assets include a 20% interest in Grand Prix NGL Pipeline, a 25% interest in Gulf Coast Express Pipeline and a 100% interest in Fractionation Train 6**
- Below is a representative summary of the DevCo structure assuming as a single tranche repurchase in Q1 2022<sup>(1)</sup>:**



**Significant additional FCF/share results from utilizing DevCo structure versus equity issuance**

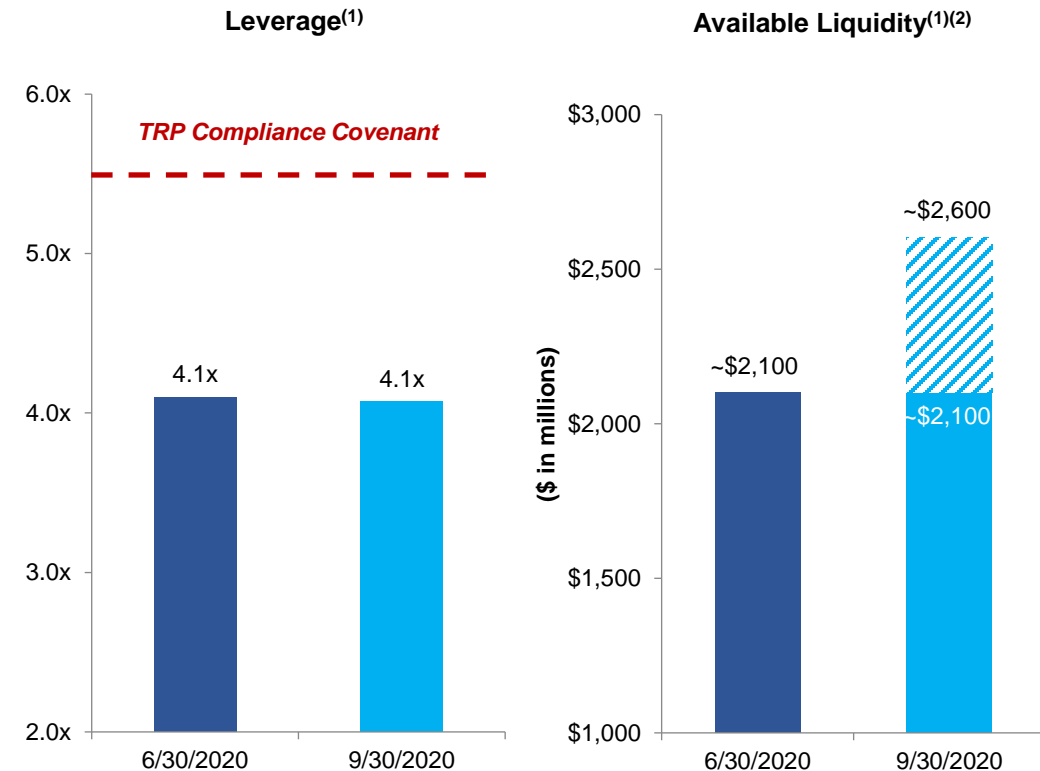
(1) Representative summary transaction; Targa has significant flexibility in timing and structure of repurchase  
 (2) ~\$911 million of total Stonepeak capital invested as of September 30, 2020; Stonepeak has received quarterly distributions since the assets were placed in-service and the estimated distributions through Q4 2021 are included in the representative summary



# Financial Position and Leverage

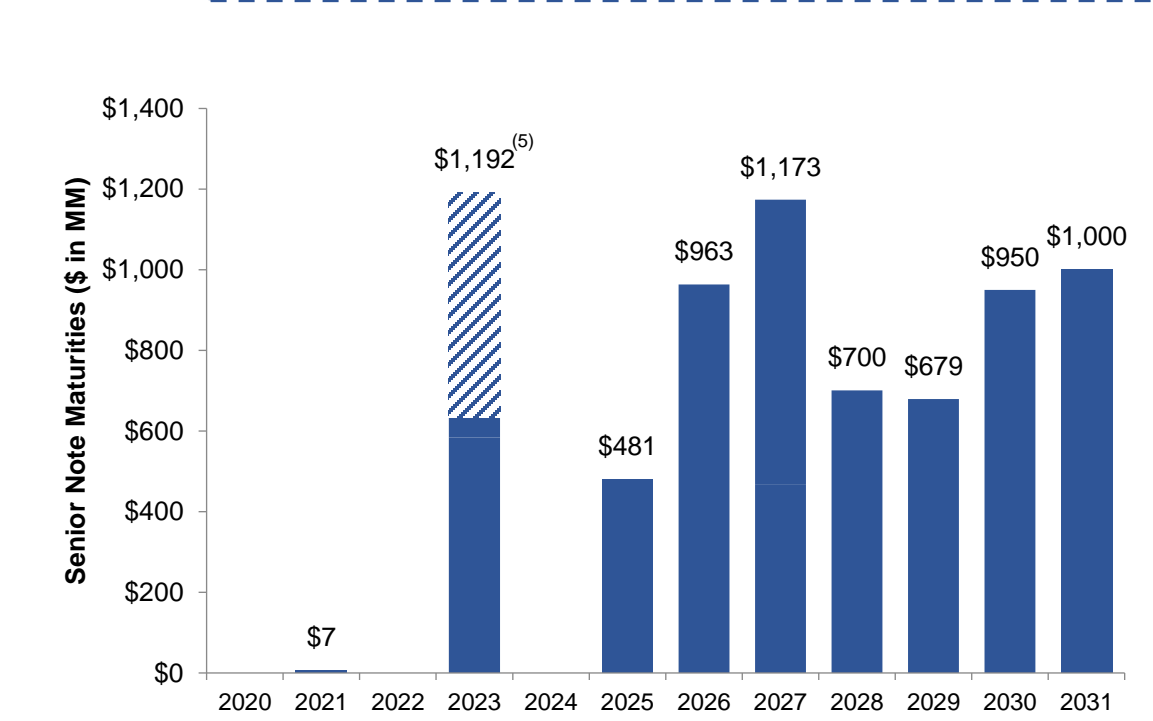
- Protecting the balance sheet while maintaining flexibility remain key objectives
- Strong available liquidity position of ~\$2.6 billion

## Leverage and Liquidity



## Senior Note Maturities<sup>(3)(4)</sup>

Senior notes mature in 2023 and beyond



(1) Includes borrowing capacity under the TRC revolver (\$235 million as of 9/30/2020) available as a source of liquidity to TRP  
 (2) Pro forma redemption of May 2023 notes for \$560 million in November 2020 and proceeds from the sale of assets in Channelview, Texas for \$58 million in October 2020  
 (3) Repurchased ~\$300 million in outstanding senior notes for ~\$240 million through September 30, 2020  
 (4) Tendered and redeemed all of the outstanding senior notes due 2024 with proceeds from the issuance of \$1.0B of senior notes due 2031 in August 2020  
 (5) Redeemed 5.25% May 2023 notes for \$560 million in November 2020

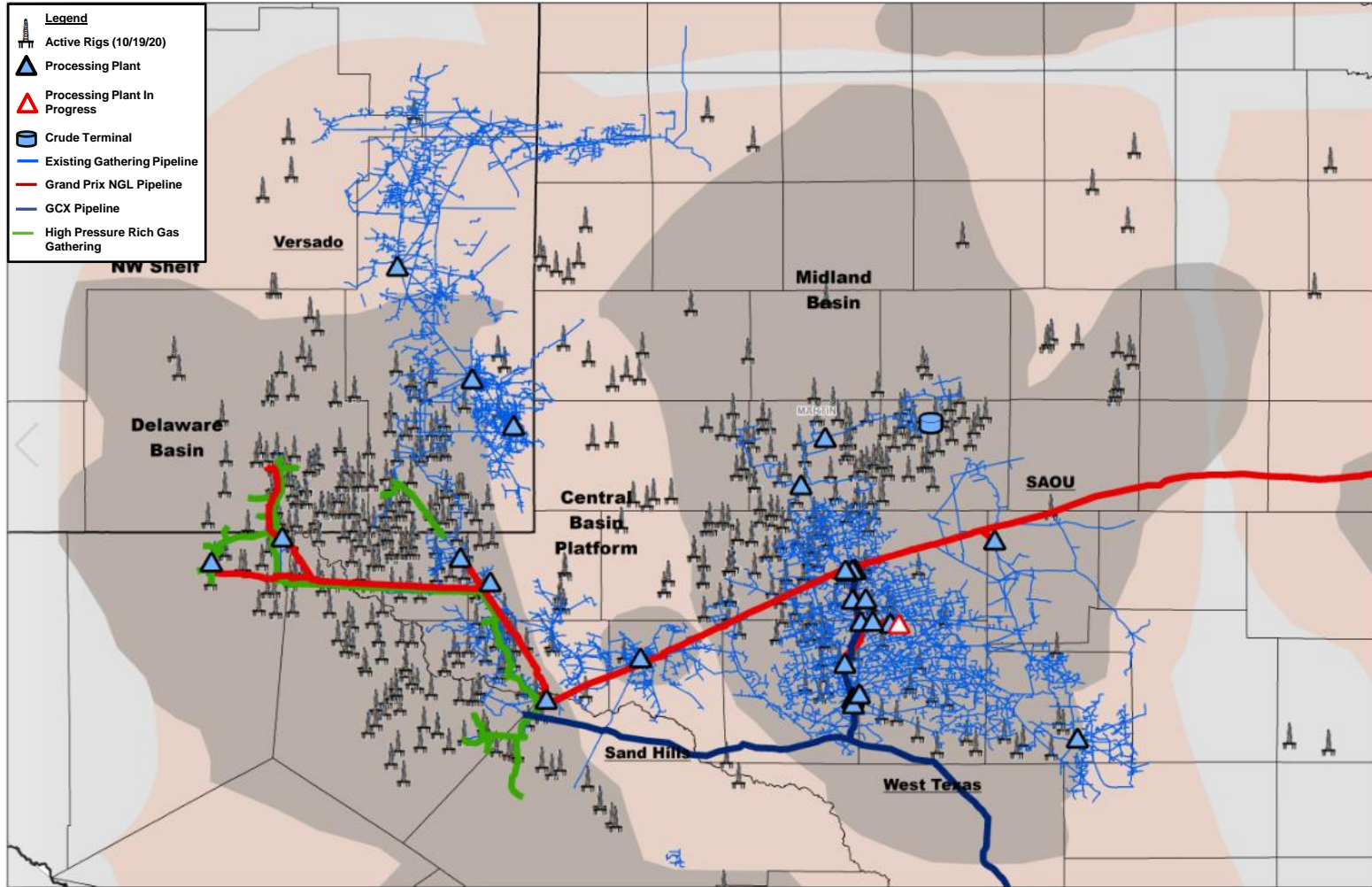
# Integrated Infrastructure Platform



# Targa's Premier Permian Infrastructure



Asset position across the Midland and Delaware Basins offers competitive, reliable and integrated G&P, NGL transportation and fractionation services to producer customers



Multi-plant, multi-system Permian footprint, complemented by Grand Prix and GCX pipeline integration

One of the largest Permian G&P positions supports significant acreage dedications from diverse producer group

~3.9 Bcf/d<sup>(1)</sup> of total gross natural gas processing capacity

# Logistics & Transportation Assets: Linking Supply to Demand



## **Mont Belvieu is unique - The US NGL market hub developed over decades of industry investment**

- ✓ Y-grade (mixed) NGL supply coming from basins across the country
- ✓ Spec product NGL demand
- ✓ Ideal underground salt dome storage for NGLs
- ✓ An interconnected petrochemical complex that grew up around Mont Belvieu

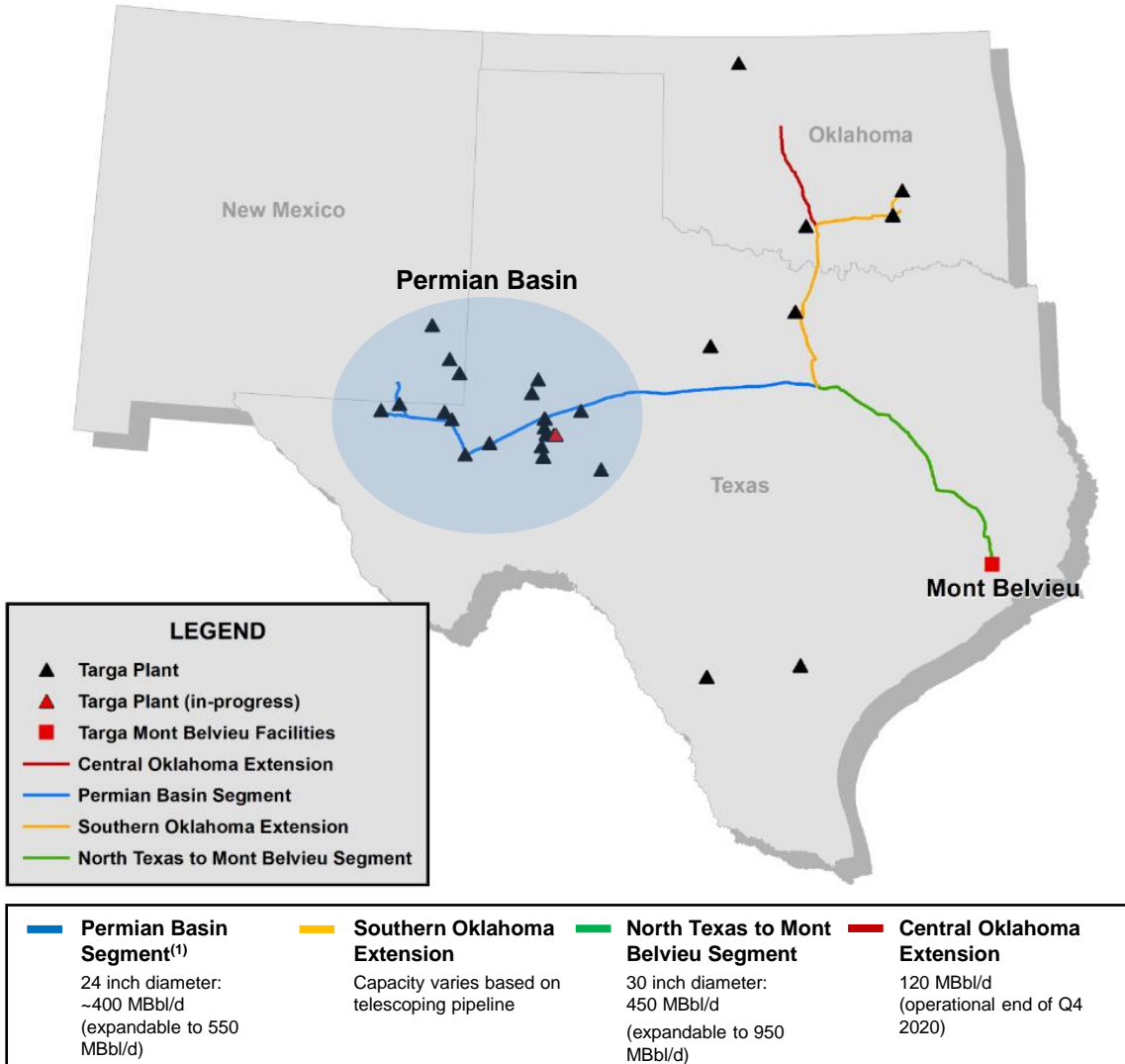
## **Targa's infrastructure network is very well positioned and exceedingly difficult to replicate -**

superior assets in Mont Belvieu, with connectivity to supply, fractionation, storage, terminaling infrastructure, and connectivity to demand (petrochemical complex and exports)

## **Grand Prix NGL Pipeline directs volumes to Targa fractionation and export facilities -**

improves linkage of supply to demand with advantages for Targa customers and Targa Downstream assets

# Targa's Grand Prix NGL Pipeline



**Grand Prix deliveries into Mont Belvieu averaged ~301 MBbl/d in Q3 2020**



### Grand Prix Volume Profile:

- Incremental NGLs from Targa Permian processing volume ramp and future expansions<sup>(1)</sup>
- Additional third-party volumes
  - Grand Prix extension into the STACK play in Oklahoma that is supported by significant long-term transportation and fractionation volume dedications and commitments from Williams that commenced operations at the end of Q4 2020
- Third-party volume commitments
- Expiration of Targa's obligations on other third-party NGL pipelines

### Low-Cost Expansion Potential Further Enhances Project Return:

- Targa can expand pipeline's capacity by adding pump stations as needed over time, with relatively low additional capital outlay (estimated to be less than 10% of total project cost)

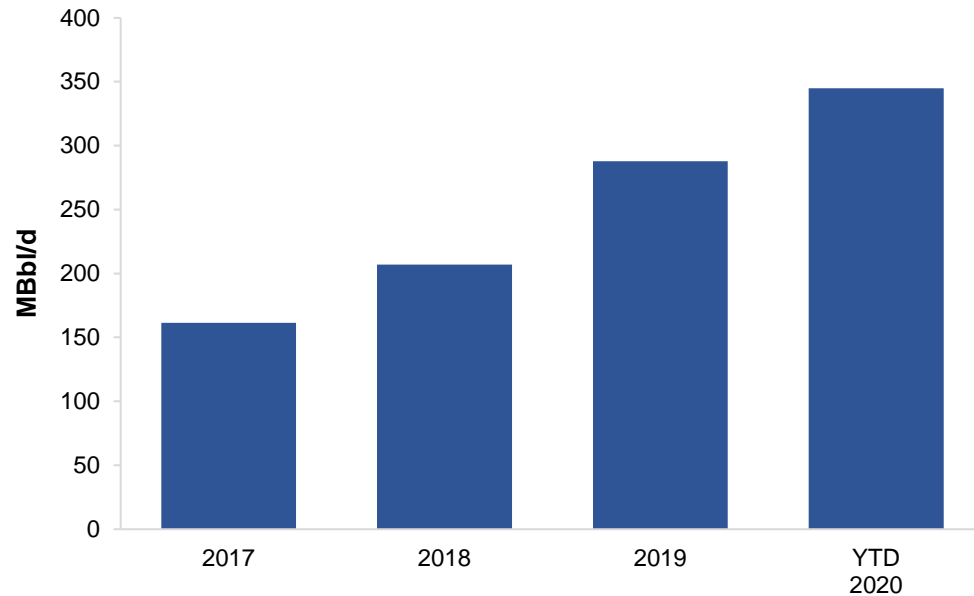
<sup>(1)</sup> Approximately 35-40 MBbl/d of NGLs produced from a fully utilized Targa 250 MMcf/d plant, assuming an inlet GPM of 5-6 ; vast majority of these NGLs available for Grand Prix



# NGL Production Feeds Targa's Fractionation Assets

## Significant NGLs from Targa Permian Plants

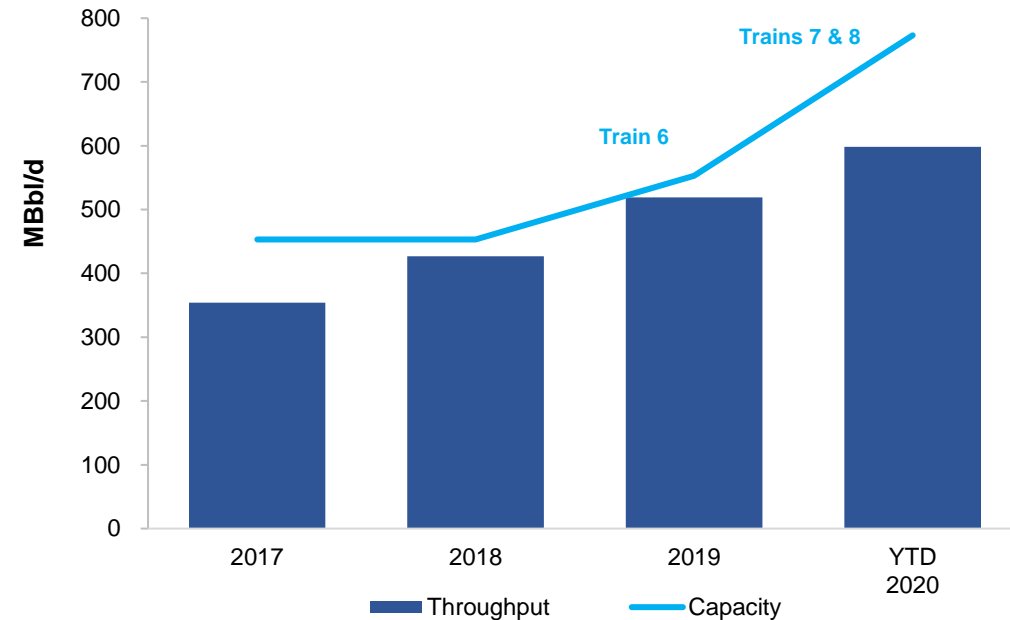
Net NGL Production



- Targa is currently 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, which has led to significant growth in fractionation volumes over the same time frame

## Targa Fractionation Outlook

Targa Fractionation Throughput Volume and Capacity<sup>(1)</sup>



- Grand Prix NGL Pipeline directs significant NGL volumes to Targa's fractionation complex in Mont Belvieu
- Positioned to benefit from growth in Permian supply and NGL production from Targa plants and from third-parties

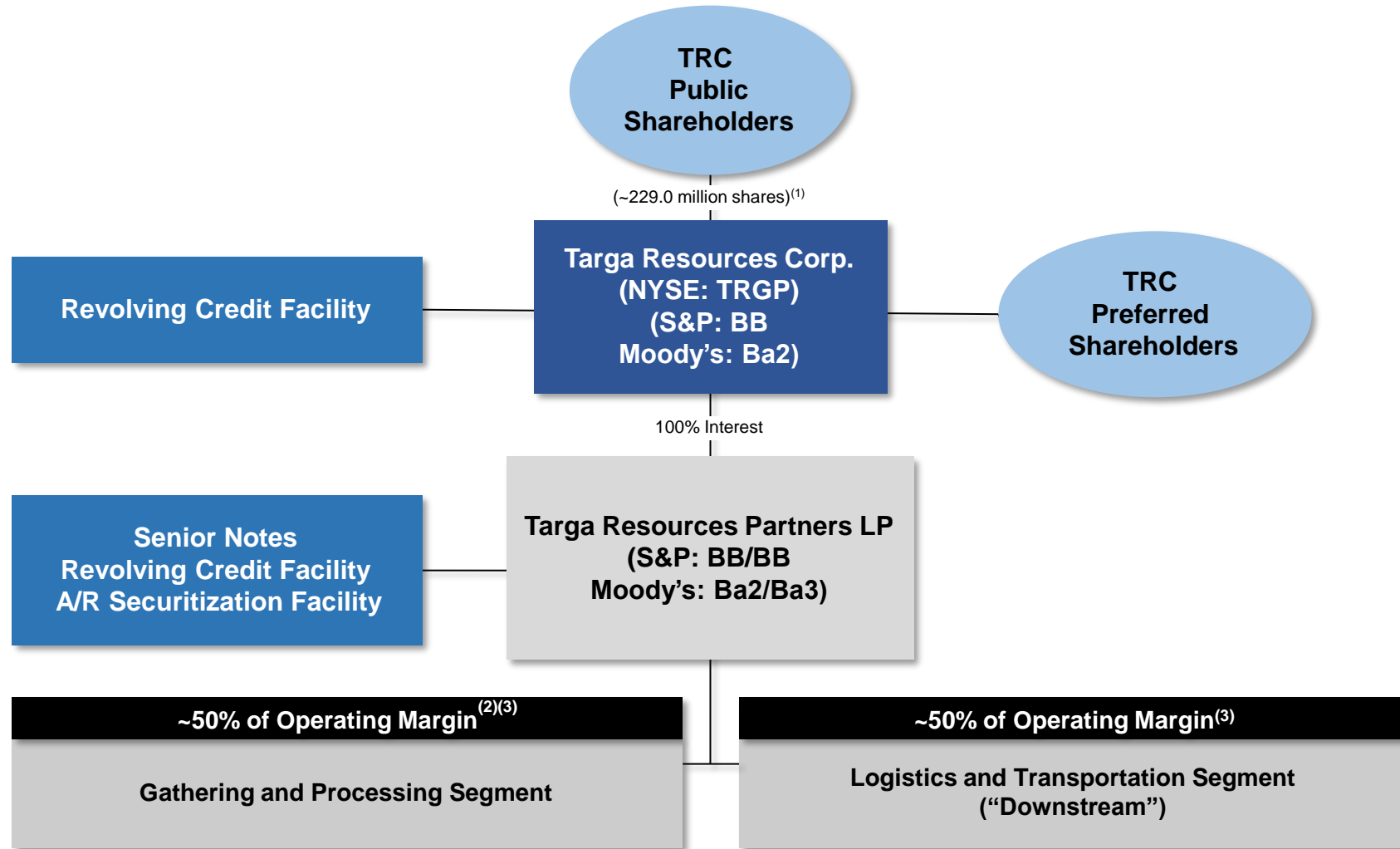
# Financial Information

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# Corporate Structure



# 2020 Financial Estimates



Adjusted EBITDA Estimate FY 2020E (\$ in millions)	
at or around the high end of	
<b>\$1,500 - \$1,625</b>	

Capital Expenditure Estimates FY 2020E (\$ in millions)	
<b>Net Growth Capital Expenditures</b>	<b>~\$700</b>
<i>Gathering &amp; Processing<sup>(1)</sup></i>	~40%
<i>Logistics &amp; Transportation ("Downstream")</i>	~60%
<b>Net Maintenance Capital Expenditures</b>	<b>~\$110</b>

Major Project Expected In-Service Timeline	2020E				2021E
	Q1	Q2	Q3	Q4	
<b>Gathering &amp; Processing</b>					
<b>Permian Delaware</b>					
Peregrine Plant - 250 MMcf/d		✓			
<b>Permian Midland</b>					
Gateway Plant - 250 MMcf/d			✓		
Heim Plant - 200 MMcf/d <sup>(2)</sup>					✓
<b>Logistics &amp; Transportation</b>					
Fractionation Train 7 - 110 MBbl/d	✓				
Fractionation Train 8 - 110 MBbl/d			✓		
LPG Export Facilities Capacity Expansion			✓		
Grand Prix Extension to Central Oklahoma <sup>(3)</sup>				✓	

(1) Greater than 90% of total G&P net growth capex for 2020E focused on Permian Basin  
 (2) Expected to be complete in Q4 2021  
 (3) Operational end of Q4 2020



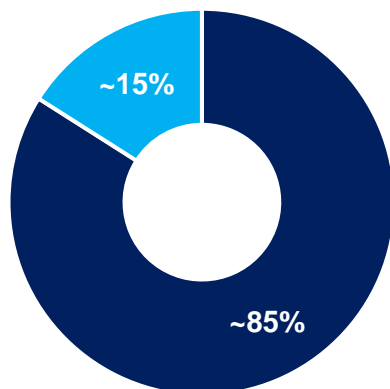
## Hedging Program Further Strengthens Cash Flow Stability

Field G&P Hedging Update							
2020				2021			
Commodity	Volumes Hedged	Exposure Hedged (%) <sup>(1)</sup>	Wtd. Avg. Hedge Price <sup>(2)</sup>	Commodity	Volumes Hedged	Exposure Hedged (%) <sup>(1)</sup>	Wtd. Avg. Hedge Price <sup>(2)</sup>
Natural Gas (MMBtu/d)	167,230	~85% to ~95%	\$1.70	Natural Gas (MMBtu/d)	163,751	~80% to ~90%	\$1.75
NGLs (Bbl/d) <sup>(3)</sup>	32,541	~80% to ~90%	\$0.49	NGLs (Bbl/d)	25,076	~60% to ~70%	\$0.43
Condensate (Bbl/d)	5,190	~80% to ~90%	\$57.76	Condensate (Bbl/d)	4,719	~70% to ~80%	\$53.42

## Counterparty Profile

### Revenue from Top 25 Customers<sup>(4)</sup>

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



- ▶ ~85% of revenue from top 25 customers is investment grade or LC backed
- ▶ Top 25 customers represents ~60% of total revenue<sup>(4)</sup>

### ■ 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 and 2021

(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 nine months ended 9/30/2020

# Sustainability and ESG

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# Targa Sustainability and ESG



## Safety, Environmental, Social and Governance



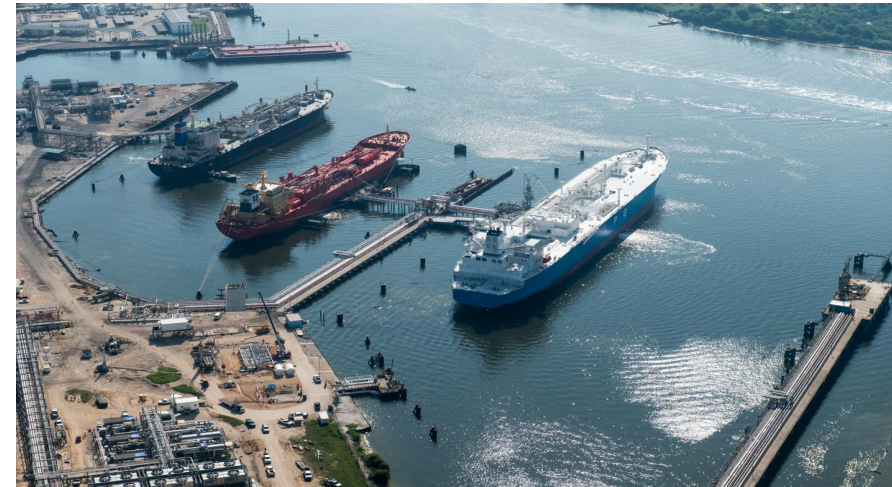
- Targa is a leading energy infrastructure company focused on the transportation and storage of energy products, including natural gas. Our operations are essential to the delivery of energy efficiently, safely, and reliably. At Targa Resources, we invest hundreds of millions of dollars each year to build infrastructure to deliver energy products that sustain and enhance quality of life
  - Targa’s operations connect natural gas and NGL supply to markets where there is growing demand for cleaner fuel and feedstocks
  - We believe that natural gas, NGLs and LPG are part of the solution to reducing the world’s greenhouse gas emissions
- 
- ✓ **Safety and operational excellence**
  - ✓ **Environmental stewardship**
  - ✓ **Strong alignment with shareholders**



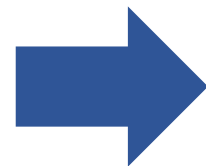
# Targa is Well-Positioned to Support Global Energy Needs

**Targa's facilities helped export ~3.6 billion gallons of LPGs globally in 2019 and helped reduce global CO2 emissions**

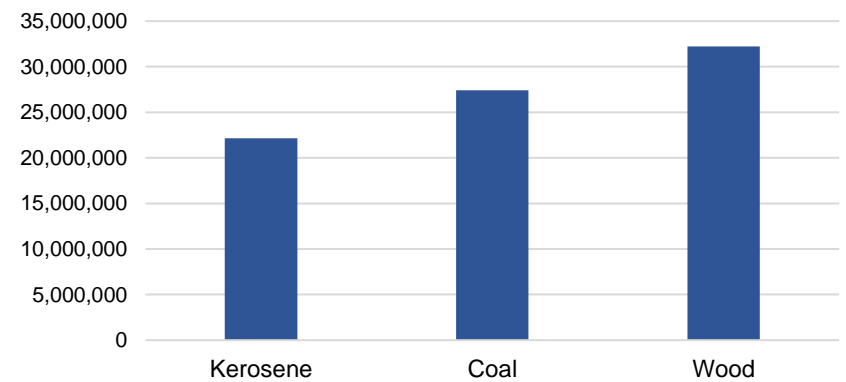
- Targa is one of the largest aggregators of associated gas across the Permian Basin and has significant access to growing natural gas liquids (NGL) supply
- Through its integrated asset platform, Targa directs its growing NGL supply to its downstream facilities in Mont Belvieu and its LPG export facilities in Galena Park
  - ▶ Targa is one of the largest exporters of LPGs from the U.S. to global markets



- LPG use provides emissions reductions over several other common fuel sources
  - ▶ 60% fewer net CO<sub>2</sub> emissions than wood<sup>(1)</sup>
  - ▶ 32-40% fewer CO<sub>2</sub> emissions than coal (varying by type), per EIA
  - ▶ 19% fewer GHG emissions than kerosene<sup>(1)</sup>



**Targa's 2019 LPG Export Services Displaced Higher CO2 Emitting Fuels (MT)<sup>(2)</sup>**

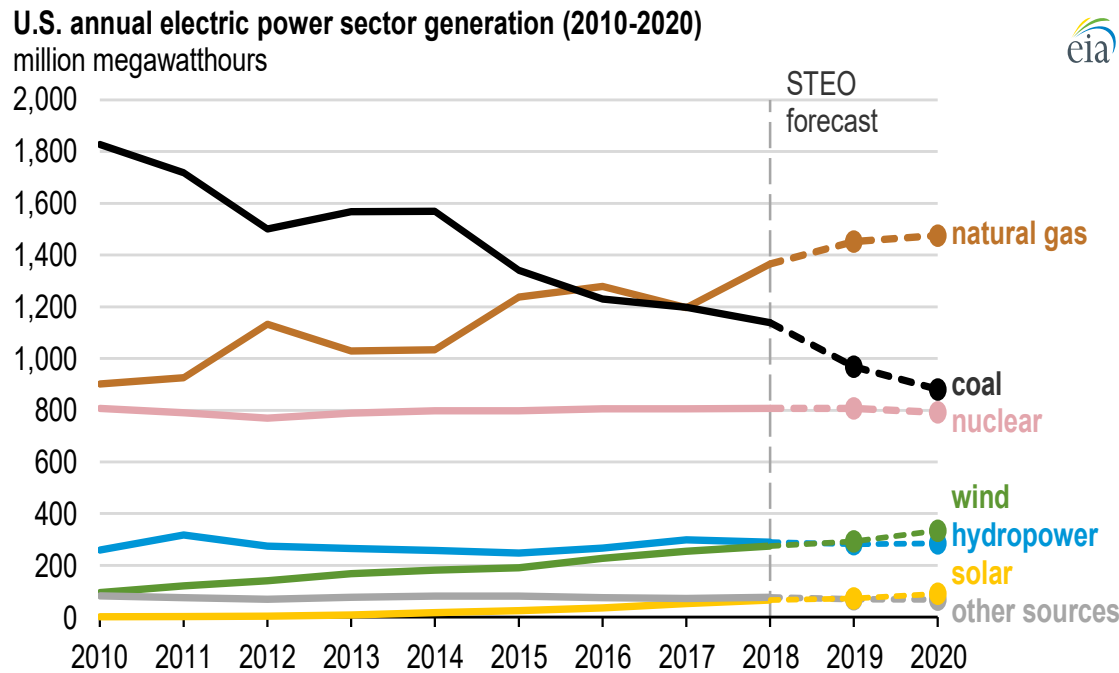


(1) World LPG Association (WLPGA) Substituting LPG for Wood July 2018; WLPGA Black Carbon, Climate Policy and LP Gas; and WPLGA.org  
 (2) Represents the total CO<sub>2</sub> equivalent for each fuel source relative to the 3.1 billion gallons of LPGs, in aggregate, exported from Targa's facilities in 2018. Each fuel source converted to million British Thermal unit (Mmbtu) based on its respective heating value (Btu equivalent) and then applied its respective CO<sub>2</sub> emissions as determined by EPA (40 CFR Part 98; 40 CFR Part 89), EIA, and Utah State Forestry Extension

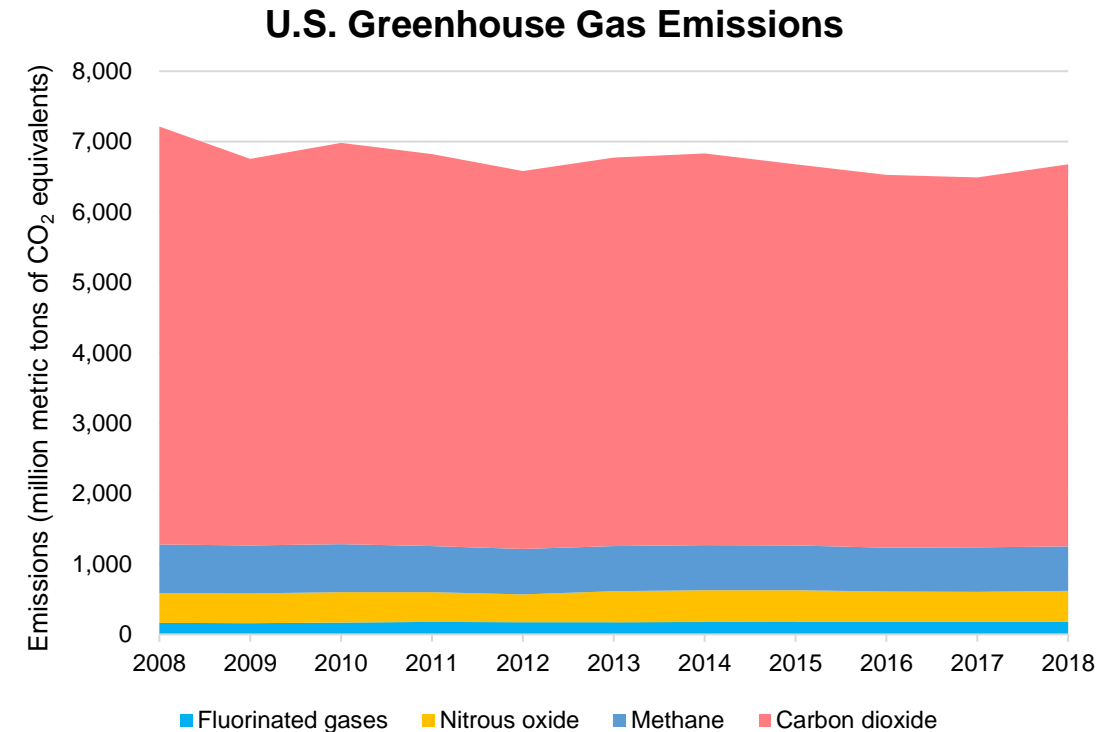


# The U.S. is a Leader in Production of Natural Gas

- The U.S. leads the world in crude oil and natural gas production
  - ▶ Cleaner burning natural gas has displaced coal as the leading source of power generation
  - ▶ Increasing use of natural gas has helped the US lower its GHG emissions by 13%<sup>(1)</sup> despite significant economic growth over the last 10 years



Source: November 2019 EIA US Energy-Related Carbon Dioxide Emissions



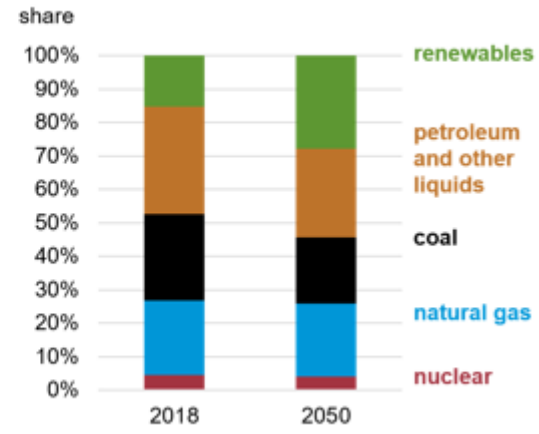
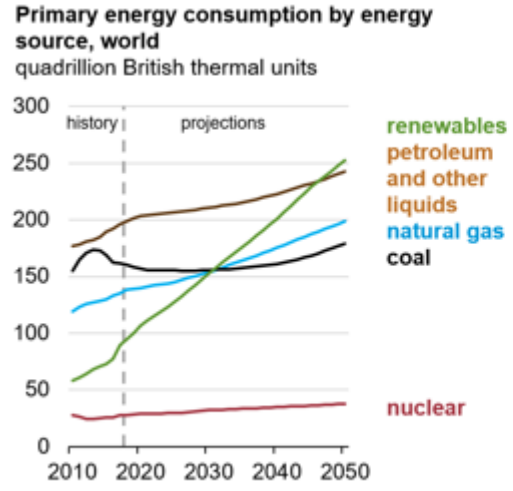
Source: U.S. EPA's Inventory of U.S. Greenhouse Gas Emissions and Sinks



# Global Demand for Natural Gas and LPG Continues to Increase

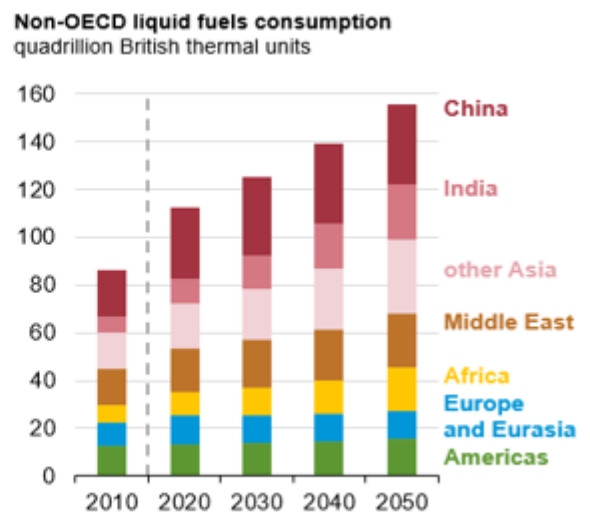
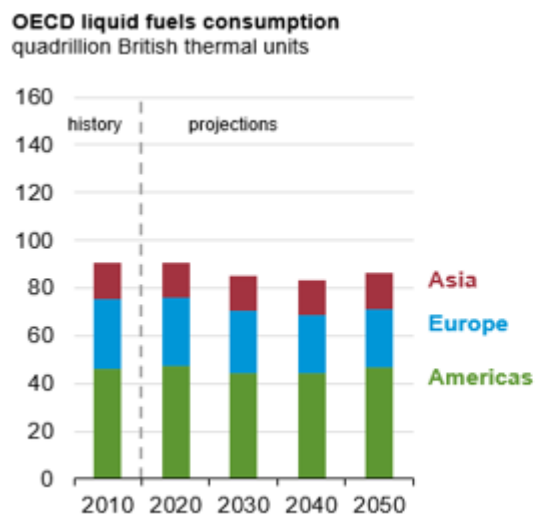
Targa helps deliver efficient and reliable energy to the U.S. and to rest of the world safely

- Natural gas consumption is estimated to increase by 40% between now and 2050, primarily from growth in India and China



- 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





# LPGs Advance Progress Towards U.N. Sustainability Goals



- The United Nation's Sustainable Development Goals (SDGs) are to address all three dimensions of sustainable development (environmental, economic and social) and are integrated into the United Nations global development agenda of 2015 to 2030
- 3 billion people globally need a cleaner energy cooking solution, per the WLPGA
  - ▶ LPGs are a reliable energy source that is easily transported and stored
  - ▶ 20% lower carbon footprint than heating oil and 50% lower footprint than coal
  - ▶ Virtually no soot improves indoor air quality and health



## LPG AND SUSTAINABLE DEVELOPMENT GOALS



# Gathering & Processing Segment

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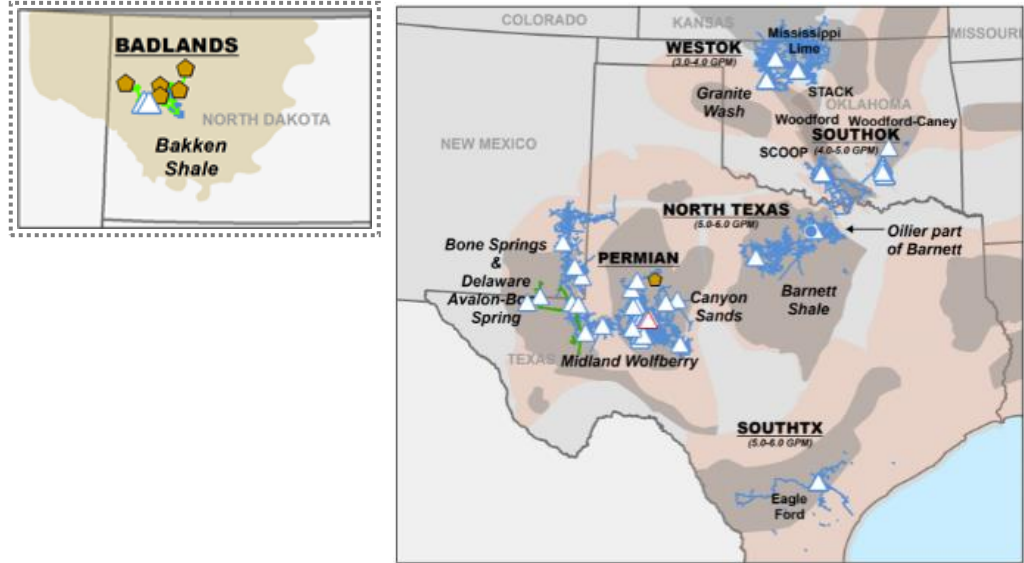


# Extensive Field Gathering and Processing Position

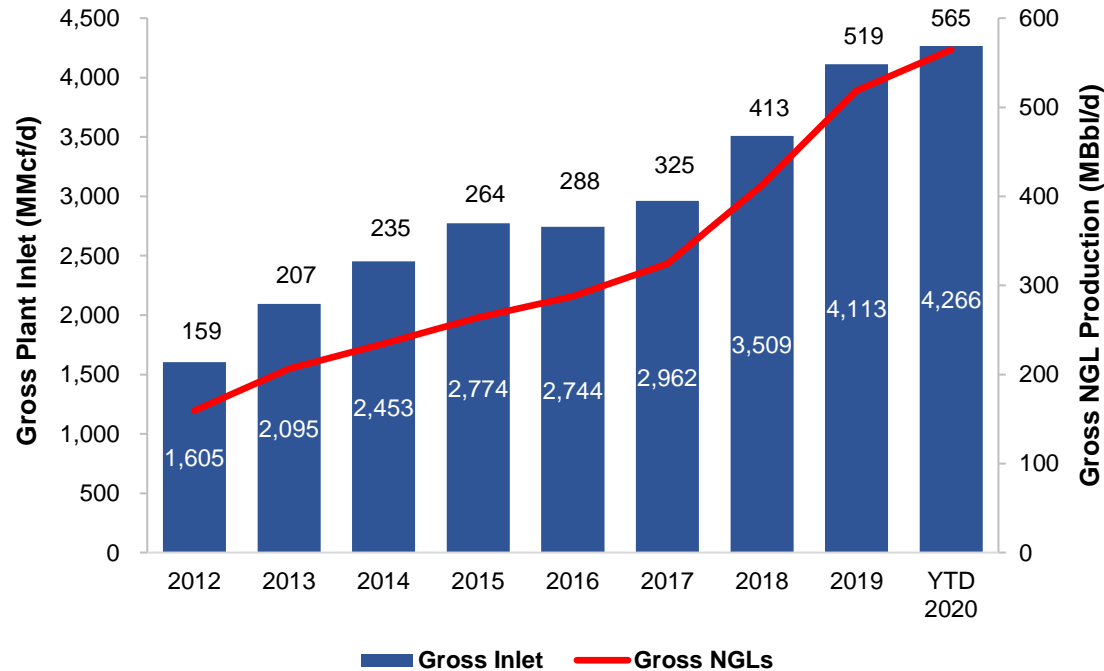
## Summary

- ~6.3 Bcf/d of gross processing capacity<sup>(1)(2)</sup>
- Significant acreage dedications in the Permian Basin, Bakken, SCOOP, STACK and Eagle Ford
- Mix of fee-based and POP contracts

## Footprint



## Volumes



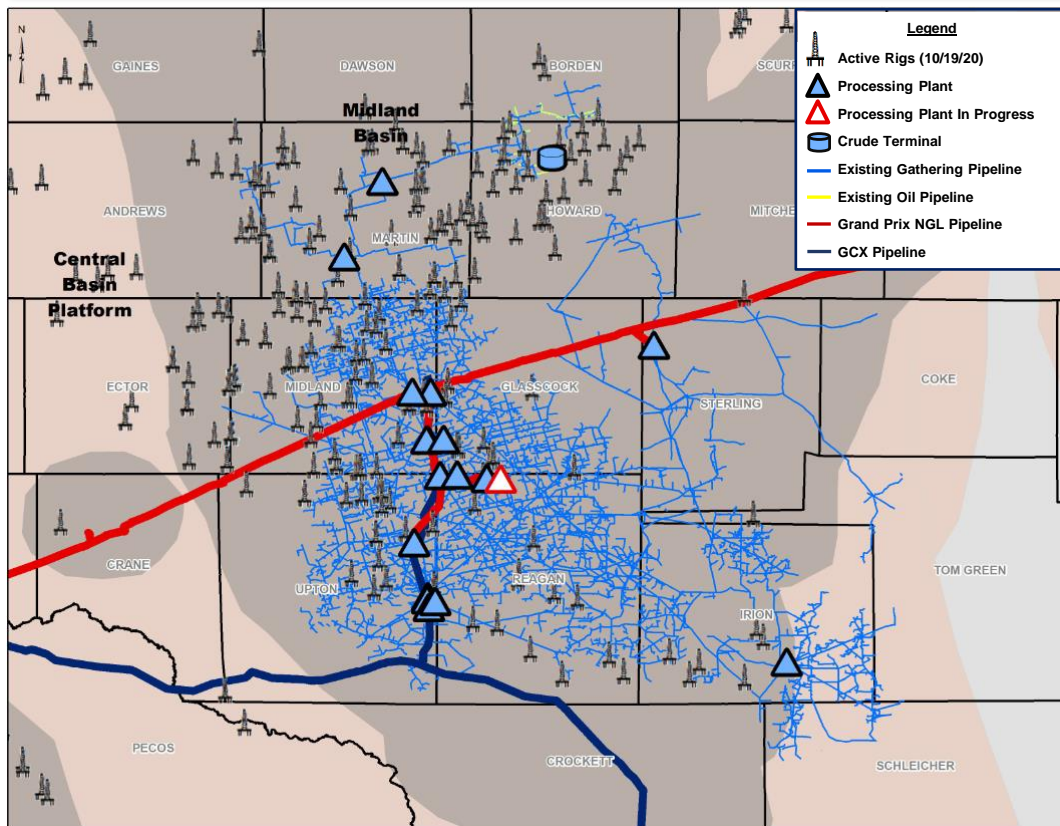
	Est. Gross Processing Capacity (MMcf/d)	Miles of Pipeline <sup>(3)</sup>
Permian - Midland <sup>(1)(2)</sup>	2,579	6,400
Permian - Delaware	1,300	5,700
<b>Permian Total</b>	<b>3,879</b>	<b>12,100</b>
SouthTX	660	1,000
North Texas	278	4,700
SouthOK	710	2,200
WestOK	458	6,500
<b>Central Total</b>	<b>2,106</b>	<b>14,400</b>
Badlands	290	750
<b>Total</b>	<b>6,275</b>	<b>27,250</b>

(1) WestTX system in Permian Midland is owned 72.8% Targa; 27.2% Pioneer (PXD)  
 (2) Includes Heim Plant expected in Q4 2021 (relocation of Longhorn Plant from North Texas to Permian Midland)  
 (3) Total active natural gas, NGL and crude oil pipeline mileage as of December 31, 2019

# Permian Midland and Delaware G&P Footprint



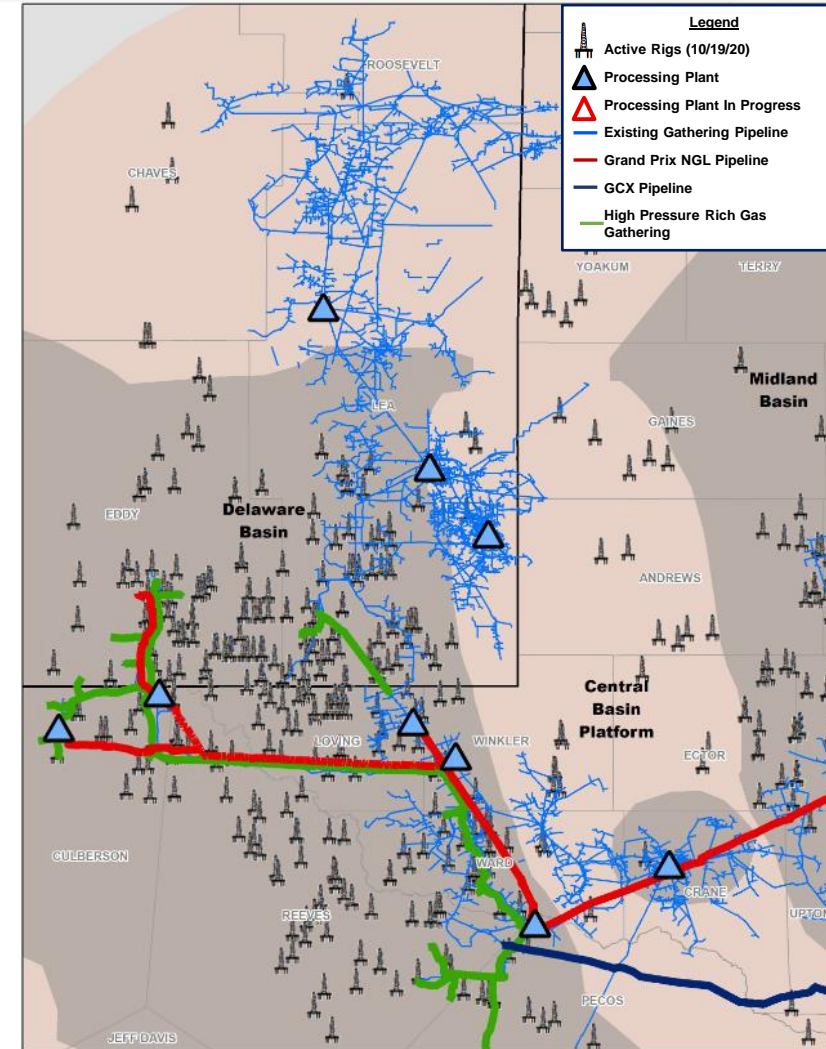
## Permian Midland<sup>(1)</sup>



- 2.6 Bcf/d of natural gas processing capacity, including 16 gas plants<sup>(2)</sup>
- Interconnected WestTX and SAOU systems located across the core of the Midland Basin
  - JV between Targa (72.8% ownership and operator) and PXD (27.2% ownership) in WestTX
- Mix of fee-based and POP contracts

## Permian Delaware<sup>(1)</sup>

- 1.3 Bcf/d of natural gas processing capacity, including 9 gas plants
- Interconnected Versado and Sand Hills capturing growing production from Delaware Basin (also connected to Permian - Midland)
- Long-term fee-based agreements with a large investment grade energy company for G&P services in the Delaware Basin, which includes dedication of significant acreage
- Predominantly fee-based contracts



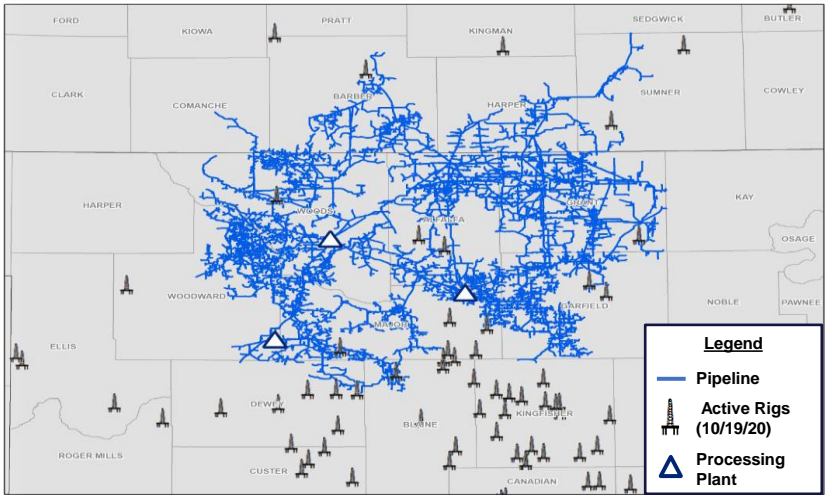
# Central G&P Footprint



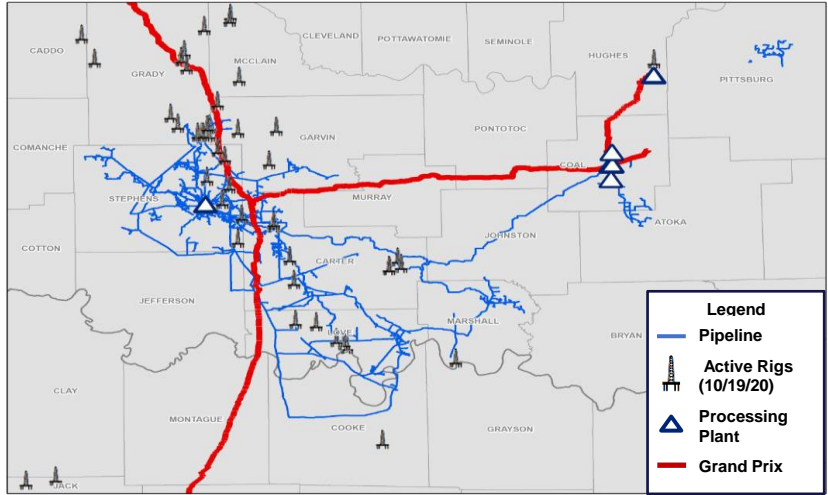
## Oklahoma Summary

- **WestOK consists of 458 MMcf/d of processing capacity in STACK play**
  - Mix of fee-based and POP contracts
- **SouthOK consists of 710 MMcf/d of gross processing capacity in SCOOP and Arkoma Woodford plays**
  - ▶ Centrahoma JV with MPLX
  - ▶ Fee-based contracts

## WestOK<sup>(1)</sup>



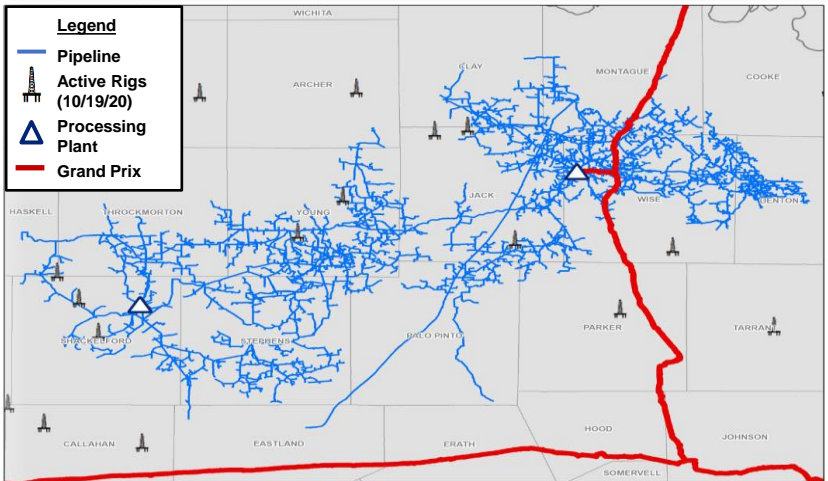
## SouthOK<sup>(1)</sup>



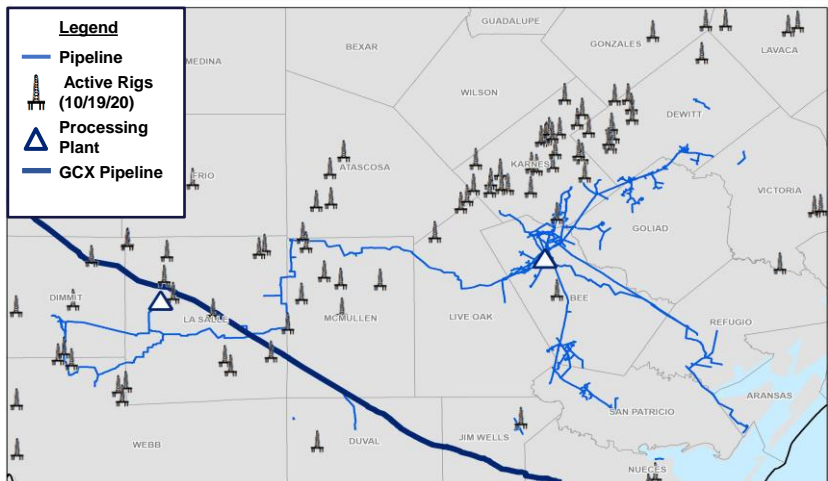
## Texas Summary

- **North Texas consists of 278 MMcf/d processing capacity in the Barnett Shale and Marble Falls play<sup>(2)</sup>**
  - ▶ Primarily POP contracts with fee-based components
- **SouthTX consists of 660 MMcf/d gross processing capacity and multi-county gathering system spanning the Eagle Ford**
  - ▶ JV with Sanchez Midstream (NYSE: SNMP) includes dedication of +315,000 gross Comanche acres and 105,000 Catarina acres in Western Eagle Ford
  - ▶ Fee-based contracts

## North Texas<sup>(1)</sup>



## SouthTX<sup>(1)</sup>



(1) Source: DrillingInfo; rigs as of October 19, 2020  
 (2) Excludes Longhorn Plant

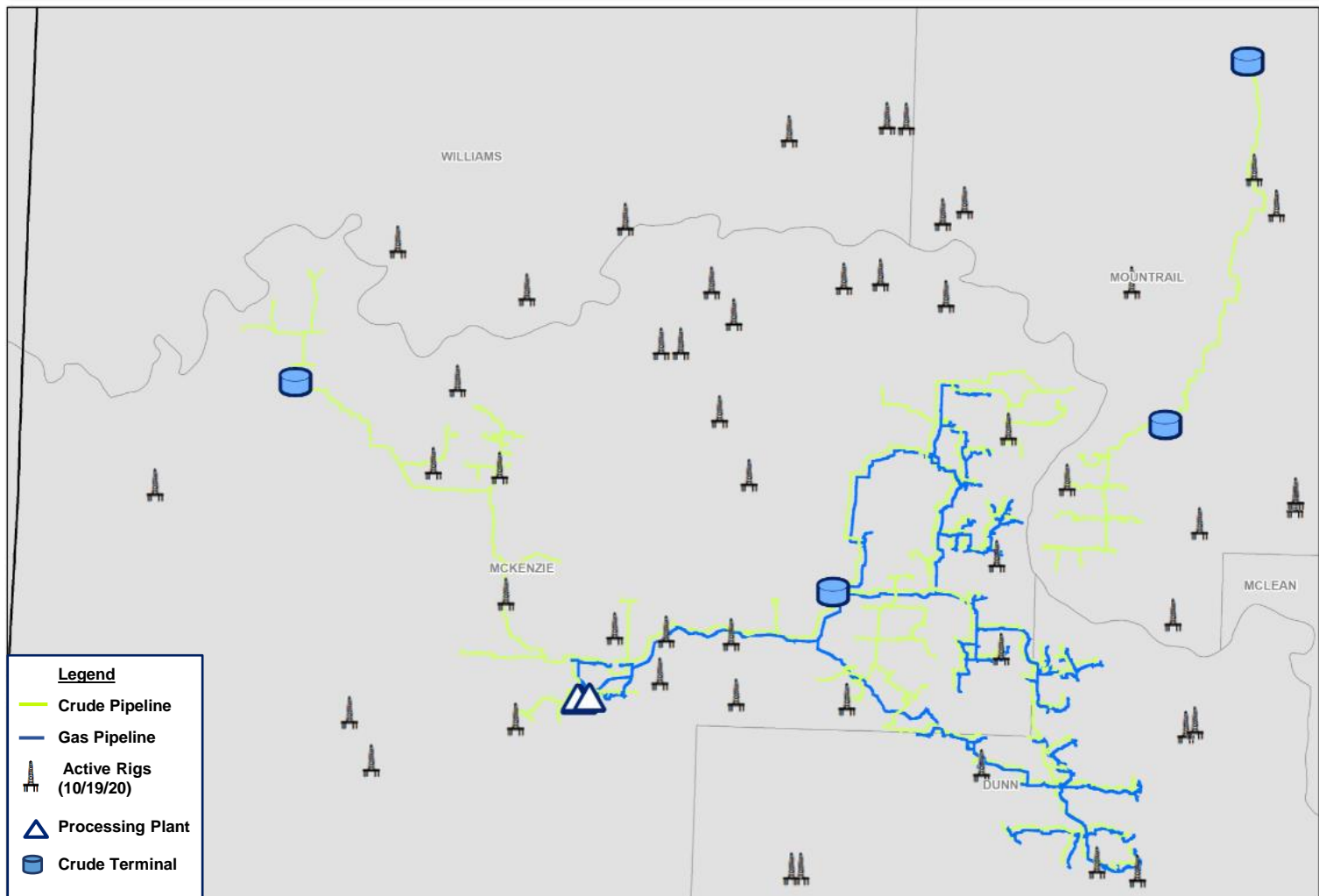
# Badlands G&P Footprint



## Summary

- 460 miles of crude oil pipelines; 200 miles of natural gas gathering pipelines
- 290 MMcf/d of natural gas processing capacity
- Fee-based contracts
- Large acreage dedications and areas of mutual interest from multiple producers
- Current crude oil delivery points include DAPL, Four Bears, Tesoro, Tesoro BakkenLink, Hilands, and Enbridge
- Transport agreement for NGLs from LM4 Plant to be delivered to Targa Mont Belvieu fractionation complex
- Badlands, LLC owned 55% / 45% by Targa (operator) and Blackstone GSO, respectively

## Asset Map and Rig Activity<sup>(1)</sup>



# Coastal G&P Footprint



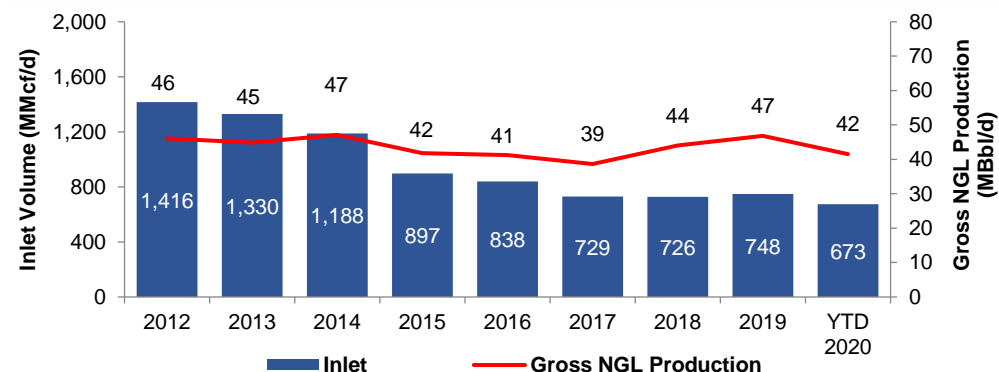
## Summary

- **Asset position represents a competitively advantaged straddle option on Gulf of Mexico activity over time**
- **LOU (Louisiana Operating Unit)**
  - ▶ 440 MMcf/d of gas processing (180 MMcf/d Gillis plant, 80 MMcf/d Acadia plant and 180 MMcf/d Big Lake plant)
  - ▶ Interconnected to Lake Charles Fractionator (LCF)
- **Coastal Straddles (including VESCO)**
  - ▶ Positioned on mainline gas pipelines processing volumes of gas collected from offshore
- **Coastal G&P inlet volumes and NGL production have been declining, but NGL production decreases have been partially offset by some higher GPM gas and by processing volumes at more efficient plants**
- **Primarily hybrid contracts (Percent of Liquids with fee floors)**

## Footprint



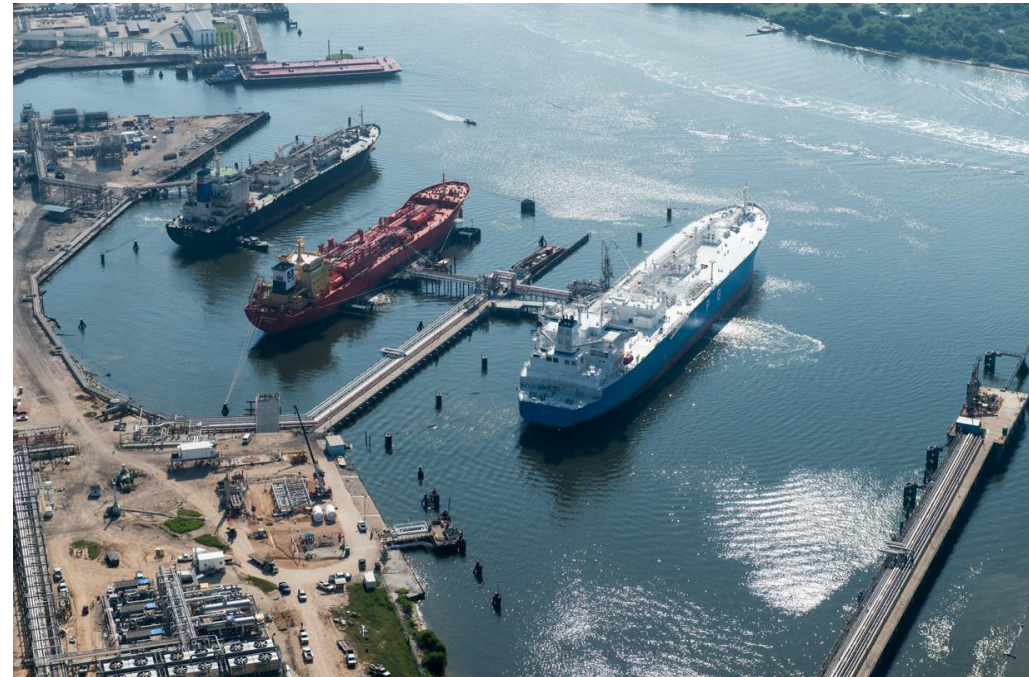
## Volumes





# Logistics & Transportation Segment

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# Downstream Capabilities



## Overview

- The Logistics and Transportation segment represents approximately ~50% of total operating margin<sup>(1)</sup>
- Predominantly fixed fee-based businesses, with significant “take-or-pay”
- Field G&P volumes and ethane recovery to direct more volumes downstream



## Downstream Businesses

### NGL Transportation & Services

- Grand Prix NGL pipeline connects Targa’s G&P positions in the Permian Basin, North Texas and SouthOK to Mont Belvieu
- Strong fractionation position in Mont Belvieu and Lake Charles
- Storage and Terminaling
  - ▶ Underground storage assets and connectivity provides a locational advantage

### LPG Export Services

- Up to 15 MMBbl/month of LPG export capacity<sup>(2)</sup>
- Fixed loading fees with “take-or-pay” commitments; market to end users and international trading houses

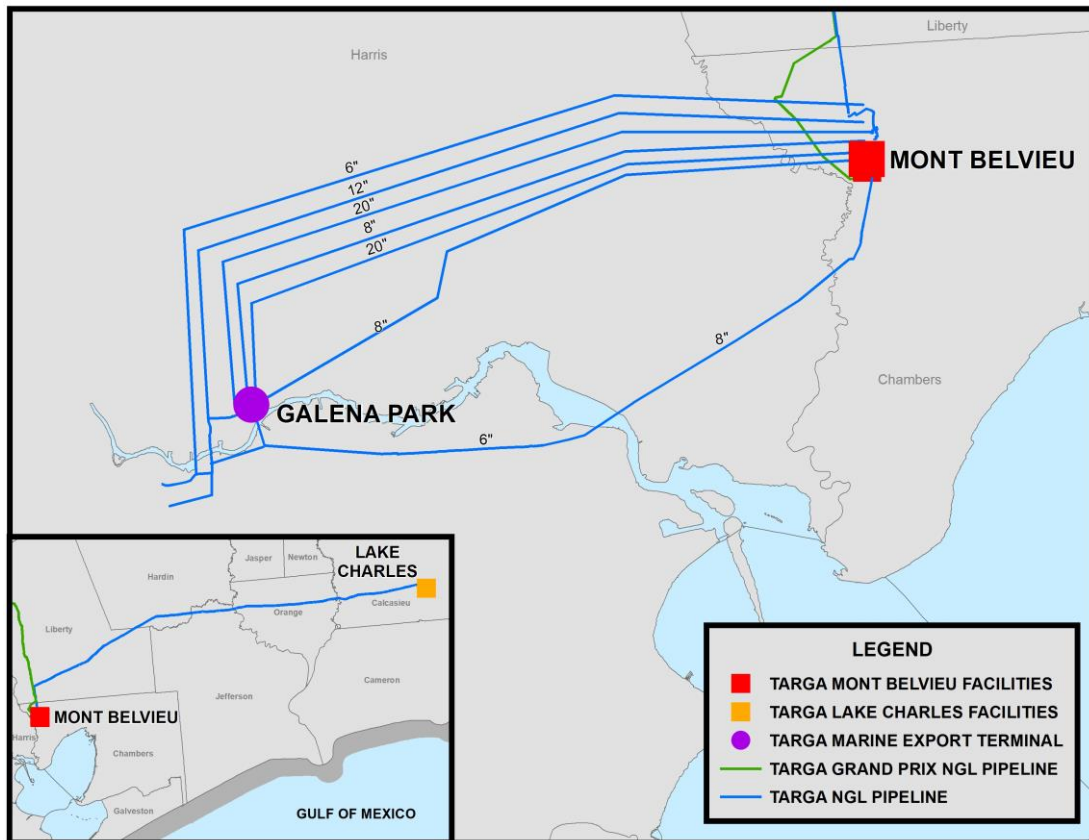
### Marketing and Other

- NGL and Natural Gas Marketing
  - ▶ Manage physical distribution of mixed NGLs and specification products using owned and third-party facilities
- Domestic NGL Marketing and Distribution
  - ▶ Contractual agreements with major refiners to market NGLs
  - ▶ Sell propane to multi-state, independent retailers and industrial accounts; inventory sold at index plus
- Commercial Transportation
  - ▶ All fee-based; 585 railcars, 136 transport tractors, 2 NGL ocean-going barges

(1) Based on forecasted 2020E segment operating margin

(2) Capacity to vary based on demand for propane and butane product mix

# Logistics Assets Exceedingly Difficult to Duplicate



Galena Park Marine Terminal		
	Products	MMBbl/ Month
Export Capacity	LEP / HD5 / NC4	~15.0
Other Assets		

700 MBbls in Above Ground Storage Tanks  
4 Ship Docks

Fractionators			
		Gross Capacity (MBbl/d)	Net Capacity (MBbl/d) <sup>(1)</sup>
Mont Belvieu <sup>(1)</sup>	CBF - Trains 1-3	253	223
	CBF - Backend Capacity	40	35
	CBF - Train 4	100	88
	CBF - Train 5	100	88
	Train 6	100	100
	Train 7	110	110
	Train 8	110	110
	GCF - Mont Belvieu		125
<b>Total - Mont Belvieu</b>		<b>938</b>	<b>802</b>
LCF - Lake Charles		55	55
<b>Total</b>		<b>993</b>	<b>857</b>

**Potential Fractionation Expansions**  
Permit received for Train 9

### Other Assets

- Mont Belvieu
- 35 MBbl/d Low Sulfur/Benzene Treating Natural Gasoline Unit
- 23 Underground Storage Wells
- ~51 MMBbls of Underground Storage Capacity
- Pipeline Connectivity to Petchems/Refineries/LCF/etc.
- 7 Pipelines Connecting Mont Belvieu to Galena Park
- Rail and Truck Loading/Unloading Capabilities

### Other Gulf Coast Logistics Assets

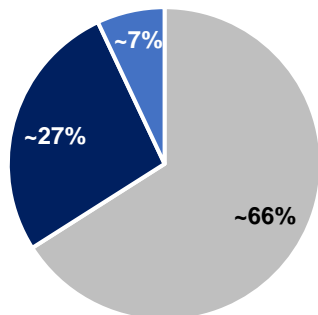
- Patriot Terminal (Harris County, TX)
- Hackberry Underground Storage (Cameron Parish, LA)

(1) Based on Targa's effective ownership interest

# Targa's LPG Export Services

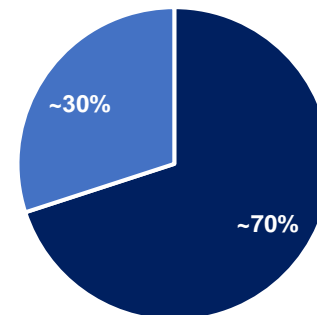


## LPG Exports by Destination<sup>(1)</sup>



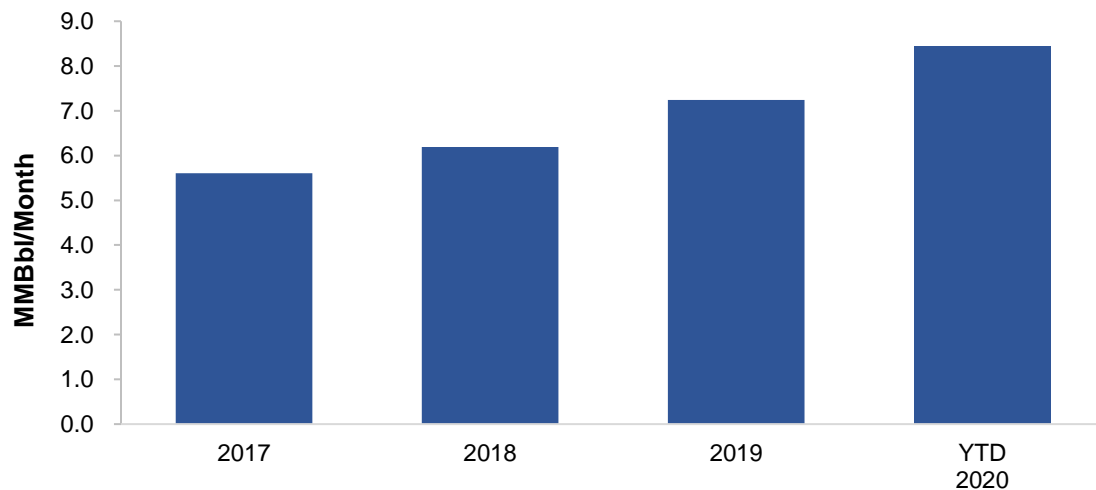
Rest of World Latin America / South America Caribbean

## Propane and Butane Exports<sup>(1)</sup>



Propane Butane

## Galena Park LPG Export Volumes



- **LPG export capacity up to ~15 million barrels per month<sup>(2)</sup>**
- **Fee based business (charge fee for vessel loading)**
- **Targa advantage - connected to fractionation, storage, supply/market interconnectivity, refrigeration, de-ethanizers, etc.**
- **Differentiated facility versus other LPG export facilities due to commercial and operational flexibility on vessel size and cargo composition**
- **Largely contracted over the long-term at attractive rates**

(1) Trailing twelve months ended Q3 2020  
 (2) Capacity to vary based on demand for propane and butane product mix

# Reconciliations

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# Non-GAAP Measures Reconciliation

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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	\$	(1,480.5)
Impairment of long-lived assets		2,443.0
Income attributable to TRP preferred limited partners		11.0
Interest expense, net		385.0
Income tax expense (benefit)		(295.0)
Depreciation and amortization expense		870.0
Equity (earnings) loss		(70.0)
Distributions from unconsolidated affiliates and preferred partner interests, net		110.0
Compensation on equity grants		70.0
Risk management activities and other		(195.0)
Severance and related benefits <sup>(1)</sup>		6.5
Noncontrolling interests adjustments <sup>(2)</sup>		(230.0)
<b>TRC Estimated Adjusted EBITDA</b>	<b>\$</b>	<b>1,625.0</b>

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

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



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