

Targa Resources Corp.

**Second Quarter 2019
Earnings Supplement
August 8, 2019**



TARGA

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 presentation that address activities, events or developments that Targa Resources Corp. (NYSE: TRGP; "Targa", "TRC" or 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 Targa Resources Corp. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including declines in the production of natural gas or in the price and market demand for natural gas and natural gas liquids, the timing and success of business development efforts, the credit risk of customers and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and subsequently filed reports with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



- **Project execution further strengthens integrated midstream asset position**
 - ▶ 200 MMcf/d LM4 Plant in Bakken now operational
 - ▶ Grand Prix NGL Pipeline commenced full operations with NGLs flowing to Mont Belvieu in early August
 - ▶ Currently flowing 150 – 170 MBbl/d; expect volumes to increase to ~200 MBbl/d in September and further increase through the balance of the year and into 2020
 - ▶ 250 MMcf/d Pembroke Plant in Permian-Midland in start-up
- **Line of sight to strengthening dividend coverage and increasing cash flow**
 - ▶ Adjusted EBITDA and cash flow to ramp in 2H 2019 from recently completed growth projects, providing strong momentum for 2020
 - ▶ The trajectory of Targa’s growth capex substantially moderates in 2H 2019 and beyond given largest capital project in Targa history, Grand Prix, and other major expansions are complete
- **Continuing to manage the balance sheet prudently over the short- and long-term**
 - ▶ Targa expects to benefit from rapid deleveraging and dividend coverage improvement over time
- **Scrutiny on new capital projects focused on aligning capital spend with available cash flow going forward**
 - ▶ Particular focus on identifying opportunities to leverage existing assets and invest around Targa’s core integrated strategy of G&P to Grand Prix to Mont Belvieu to export markets

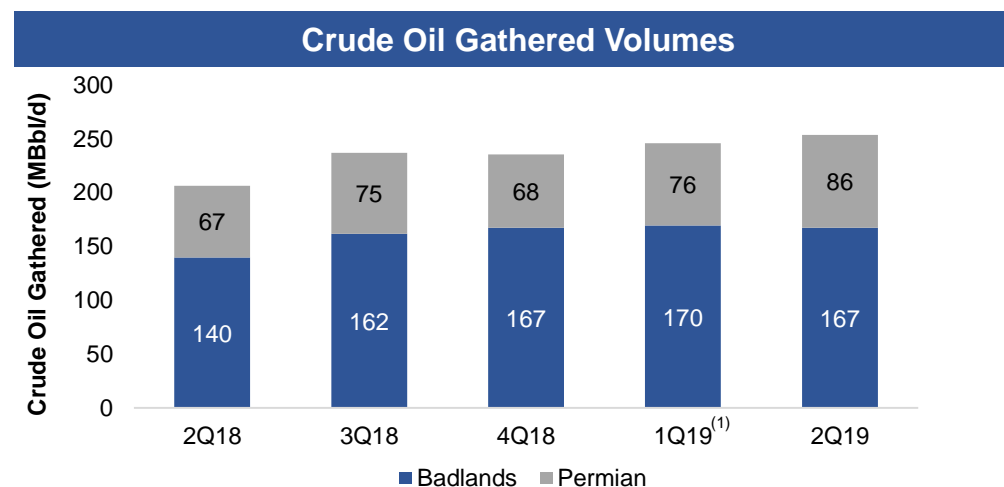
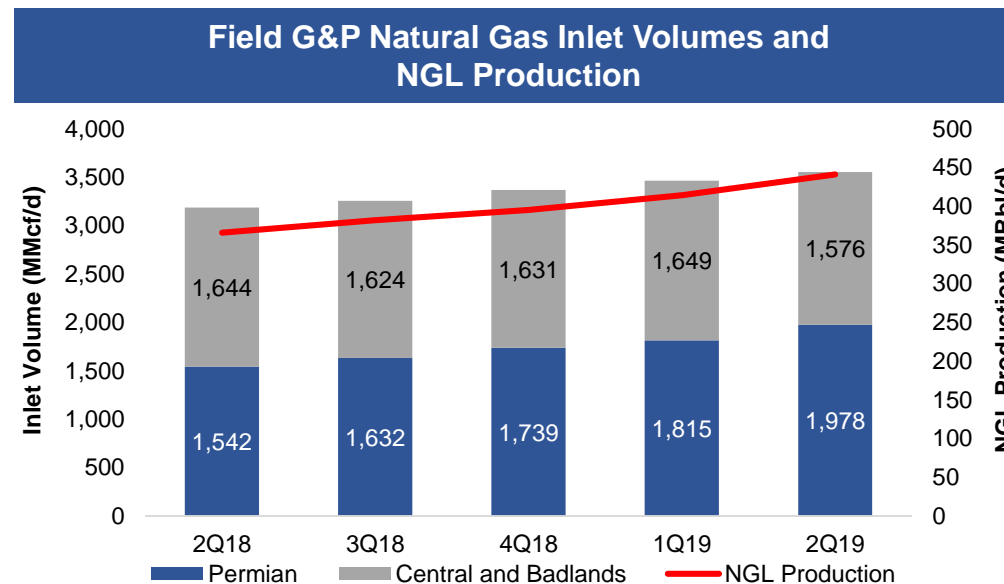
Operational Performance – G&P Segment



2Q19 Highlights:

Field G&P Natural Gas Inlet

- ~9% sequential increase in Permian volumes
 - ▶ ~14% sequential increase in Permian-Delaware
 - ▶ ~7% sequential increase in Permian-Midland
- Badlands gas complex continued to operate at capacity; new 200 MMcf/d LM4 Plant now online



(1) Permian crude gathered volumes restated

Operational Performance – Downstream Segment



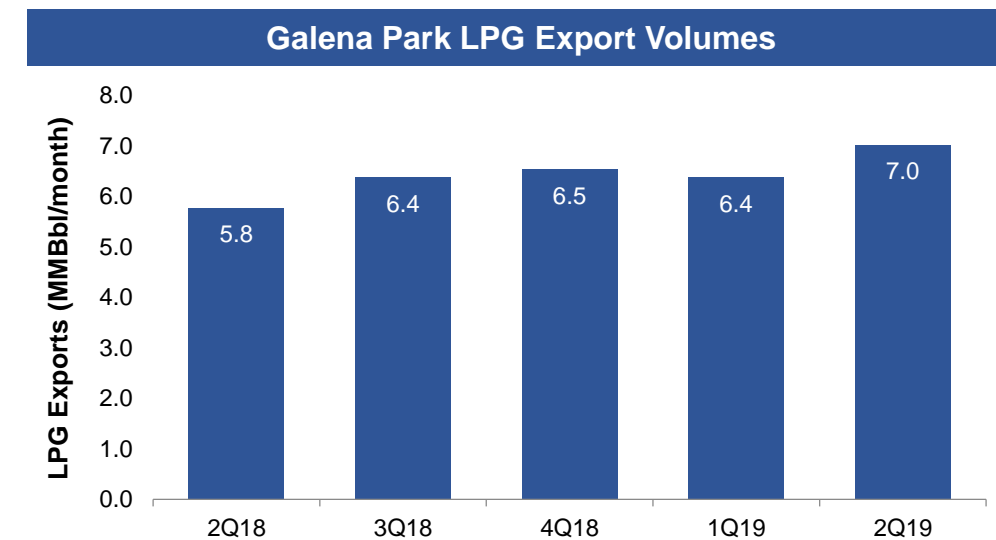
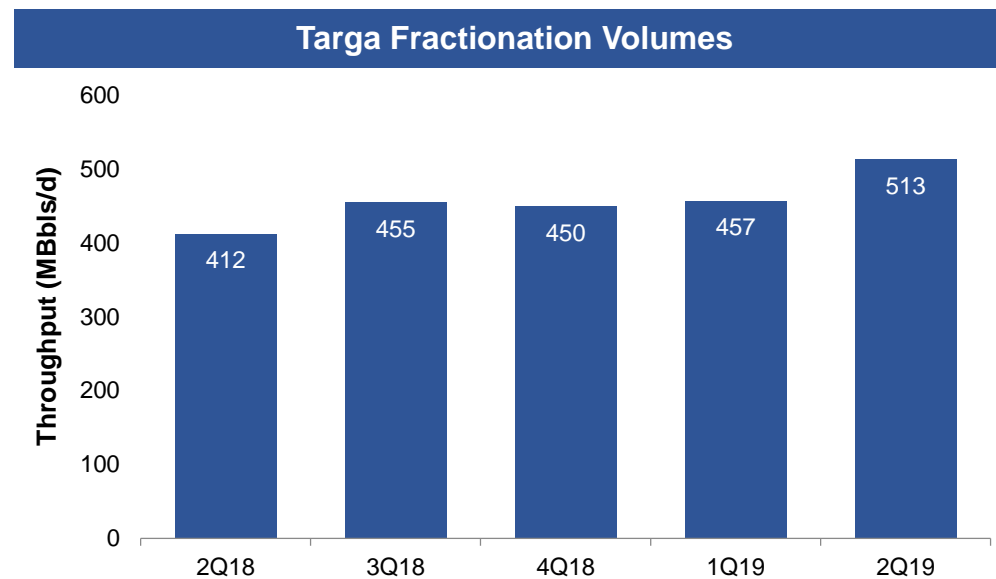
2Q19 Highlights:

Fractionation

- Targa’s Mont Belvieu fractionation complex continued to remain highly utilized
- Targa’s new 100 MBbls/d Train 6 commenced operations in May and quickly ramped to capacity

LPG Exports

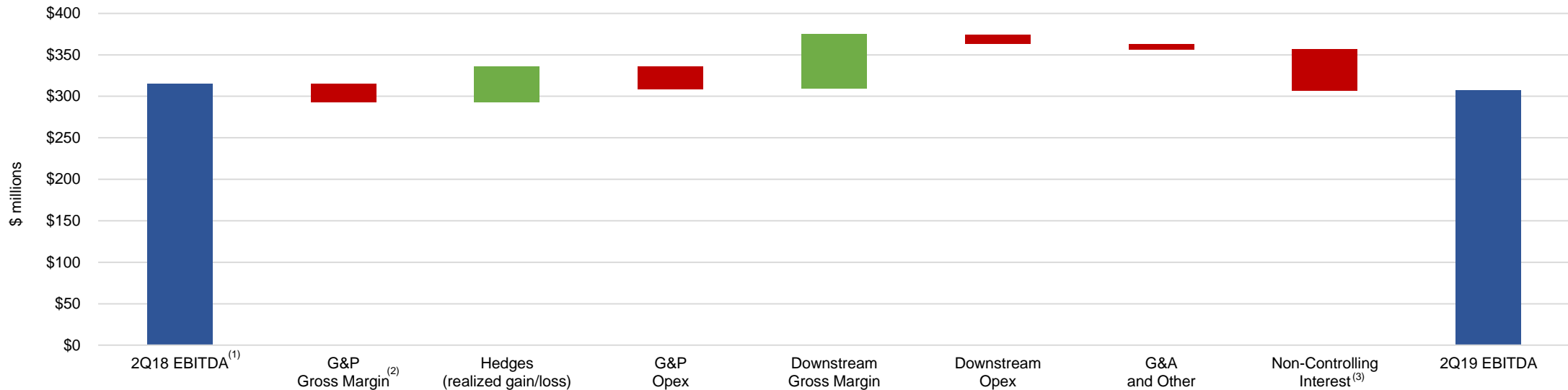
- Targa’s Galena Park LPG export facility continued to remain highly utilized; included volumes that were pushed from Q1 due to restrictions and temporary closures of the Houston Ship Channel



Financial Performance – 2Q 2019 vs. 2Q 2018



Adjusted EBITDA Bridge



Segment Operating Margin

Gathering & Processing segment operating margin decreased \$49.1 million

- + Higher Permian volumes
- + Higher Badlands volumes
- Lower NGL, condensate and natural gas prices⁽²⁾
- Higher operating expenses associated with gas plant and system expansions in the Permian

Downstream segment operating margin increased \$54.5 million

- + Higher transportation and fractionation volumes
- + Higher LPG export volumes
- + Higher Marketing and other
- Lower terminaling and storage throughput due to sale of certain Petroleum Logistics terminals
- Higher operating expenses primarily associated with fractionation expansion and Grand Prix

- Increase in non-controlling interest is primarily attributable to the sale of the 45% interest in Badlands; non-controlling interest is expected to increase as Train 6 and Grand Prix volumes ramp

(1) 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. The effect of these revisions reduced TRC's Adjusted EBITDA by \$10.8 million for the three months ended June 30, 2018. There was no impact to Distributable Cash Flow

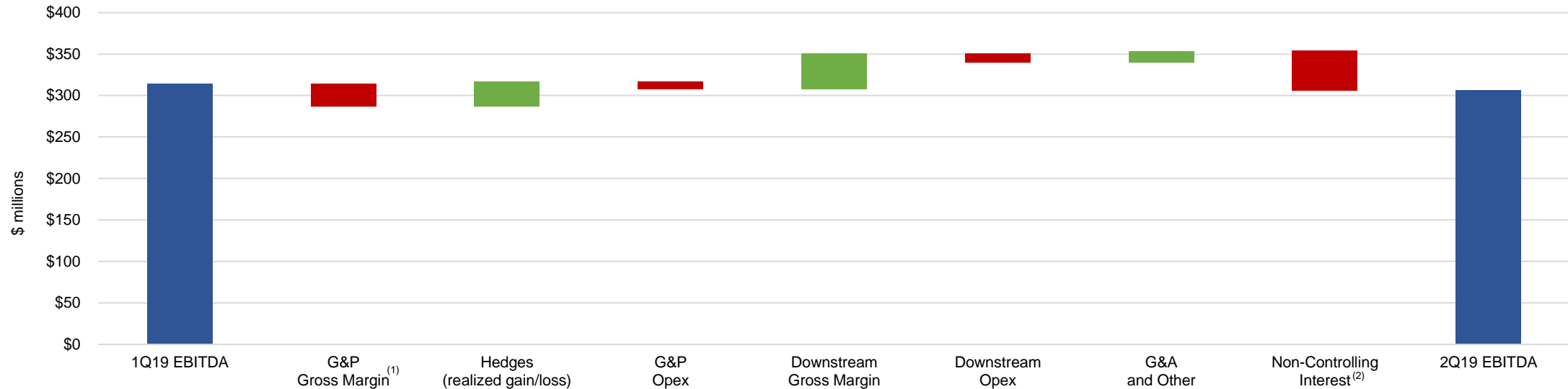
(2) The impact of lower commodity prices excludes the benefit from our hedging activities presented in Other

(3) Primarily attributable to the sale of the 45% interest in Badlands

Financial Performance – 2Q 2019 vs. 1Q 2019



Adjusted EBITDA Bridge



Segment Operating Margin

Gathering & Processing segment operating margin decreased \$35.9 million

- + Higher Permian volumes
- Lower NGL and natural gas prices⁽¹⁾
- Higher operating expenses associated with new gas plants and system expansions

Downstream segment operating margin increased \$32.3 million

- + Higher transportation and fractionation volumes
- + Higher LPG export volumes
- + Higher Marketing and other
- Higher operating expenses primarily associated with fractionation expansion and Grand Prix

- Increase in non-controlling interest is primarily attributable to the sale of the 45% interest in Badlands; non-controlling interest is expected to increase as Train 6 and Grand Prix volumes ramp

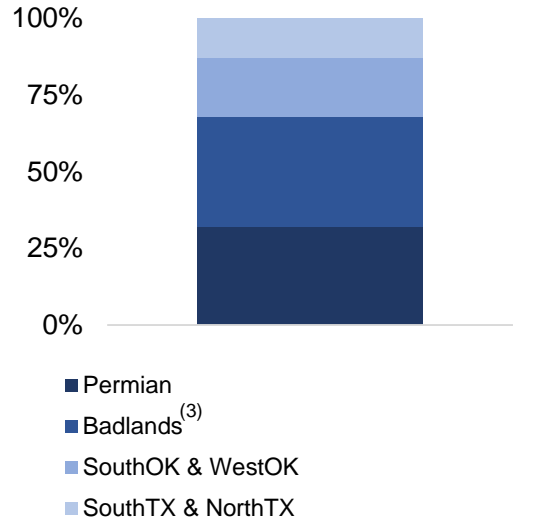
(1) The impact of lower NGL and natural gas prices excludes the benefit from our hedging activities presented in Other

(2) Primarily attributable to the sale of the 45% interest in Badlands

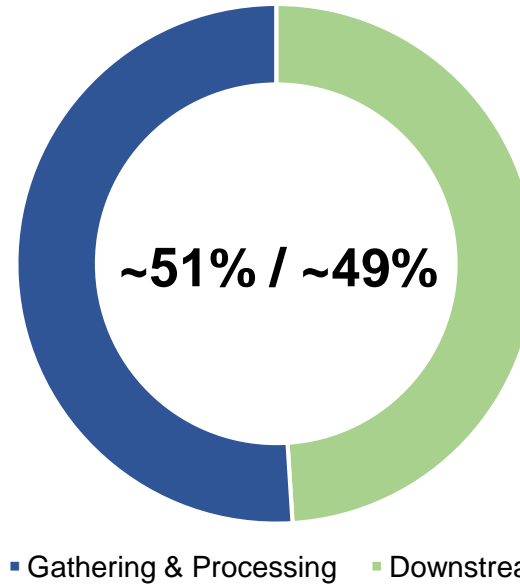


Business Mix and Hedging Program

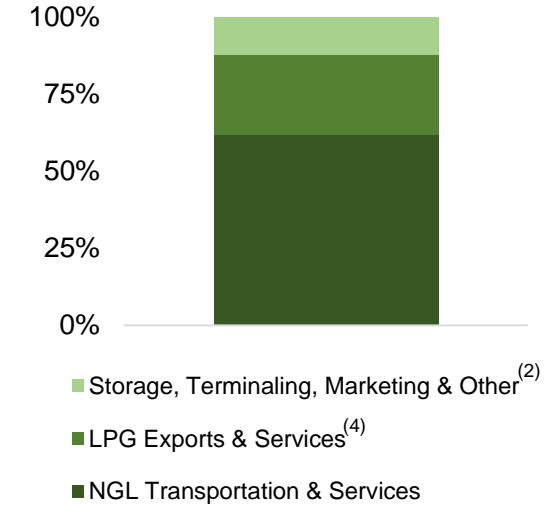
Field Gathering & Processing Operating Margin⁽¹⁾



Business Mix – Segment Operating Margin⁽¹⁾



Downstream Operating Margin⁽¹⁾



Hedging Program Further Strengthens Cash Flow Stability

Field G&P Hedging Update								Commodity Price Sensitivity		
Commodity	Balance 2019 ⁽⁵⁾			2020				2019E Adj. EBITDA Impact ⁽⁵⁾		
	Volumes Hedged	Wtd. Avg. Hedge Price ⁽⁶⁾	Exposure Hedged (%) ⁽⁷⁾	Commodity	Volumes Hedged	Wtd. Avg. Hedge Price ⁽⁶⁾	Exposure Hedged (%) ⁽⁷⁾			
Natural Gas (MMBtu/d)	191,237	\$2.13	~90%	Natural Gas (MMBtu/d)	79,930	\$2.11	~35%	Natural Gas	+/- \$0.25/MMBtu	+/- ~\$1 million
NGLs (Bbl/d) ⁽⁸⁾	27,878	\$0.71	~80%	NGLs (Bbl/d) ⁽⁷⁾	15,237	\$0.69	~45%	NGLs	+/- \$0.05/gallon	+/- ~\$9 million
Condensate (Bbl/d)	4,630	\$53.77	~80%	Condensate (Bbl/d)	3,240	\$59.77	~55%	Condensate	+/- \$5.00/Bbl	+/- ~\$1 million

(1) Based on 2Q 2019 operating margin

(2) Marketing & Other includes Domestic NGL Marketing (Wholesale Propane, Refinery Services, Commercial Transportation), Gas Marketing & Petroleum Logistics

(3) Fully consolidated operating margin

(4) 2019E operating margin includes only current contract volumes

(5) Balance of year (July through December 2019)

(6) Weighted average hedge prices assumes put prices for collars

(7) Based on current equity volumes

(8) Targa's composite NGL barrel comprises 38% ethane, 34% propane, 5% isobutene, 13% normal butane, and 10% natural gasoline

2019 Announced Net Growth Capex



- 2019E net growth capex based on announced projects estimated at ~\$2.4 billion
 - With the vast majority of announced projects now online, Targa's 2020E net growth capex is estimated to be significantly lower than 2019E

(\$ in millions)	Location	2019E Net Growth Capex	Expected Completion	Primarily Fee-Based
250 MMcf/d WestTX Hopson Plant and Related Infrastructure	Permian - Midland		Online (Q2 2019)	
250 MMcf/d WestTX Pembroke Plant and Related Infrastructure	Permian - Midland		Online (Q3 2019)	
250 MMcf/d WestTX Gateway Plant and Related Infrastructure	Permian - Midland		Q4 2020	
Additional Permian Midland Gas and Crude Gathering Infrastructure	Permian - Midland		2019	
Total Permian - Midland	Permian - Midland	\$325		
250 MMcf/d Falcon Plant and Related Infrastructure	Permian - Delaware		Q4 2019	✓
250 MMcf/d Peregrine Plant and Related Infrastructure	Permian - Delaware		Q2 2020	✓
High Pressure Rich Gas Gathering Pipelines	Permian - Delaware		Online (2019)	✓
Additional Permian Delaware Gas and Crude Gathering Infrastructure	Permian - Delaware		2019	✓
Total Permian - Delaware	Permian - Delaware	\$575		✓
Grand Total Permian	Permian	\$900		
Central Additional Gas Gathering Infrastructure	Central		2019	
Total Central	Eagle Ford, STACK, SCOOP	\$60		✓
200 MMcf/d Little Missouri 4 Plant and Related infrastructure	Bakken		Online (Q3 2019)	✓
Additional Bakken Gas and Crude Gathering Infrastructure	Bakken		2019	✓
Total Badlands	Bakken	\$125		✓
Total - Gathering and Processing		\$1,085		✓
Grand Prix NGL Pipeline	Permian Basin to Mont Belvieu		Online (Q3 2019)	✓
Fractionation Train 6 and Other Frac Related Infrastructure ⁽¹⁾	Mont Belvieu		Online (Q2 2019)	✓
Fractionation Train 7 and Other Frac Related Infrastructure ⁽¹⁾	Mont Belvieu		Late Q1 2020	✓
Fractionation Train 8 and Other Frac Related Infrastructure ⁽¹⁾	Mont Belvieu		Late Q3 2020	✓
Gulf Coast Express Pipeline	Permian to Agua Dulce		Late Q3 2019	✓
LPG Export Expansion	Galena Park		Q3 2020	✓
Downstream Other Identified Spending	Mont Belvieu		2019	✓
Total - Downstream		\$1,315		✓
Net Growth Capex - Announced Projects		\$2,400		✓



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