



Targa Resources Corp.

Morgan Stanley Energy & Power Conference

March 2, 2021



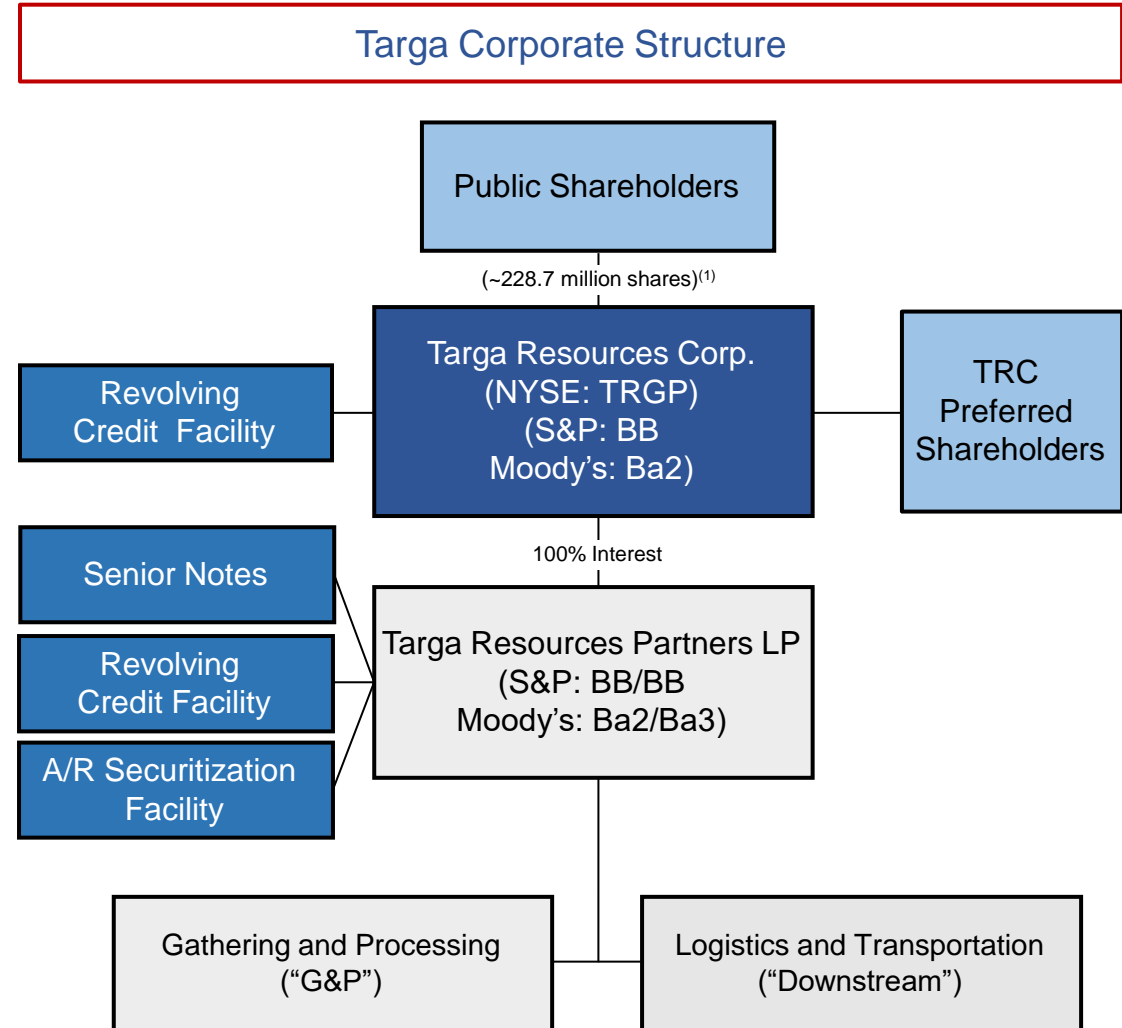


Forward Looking Statements and Corporate Structure

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 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.



(1) Common stock outstanding as of February 12, 2021



Premier Midstream Infrastructure Company

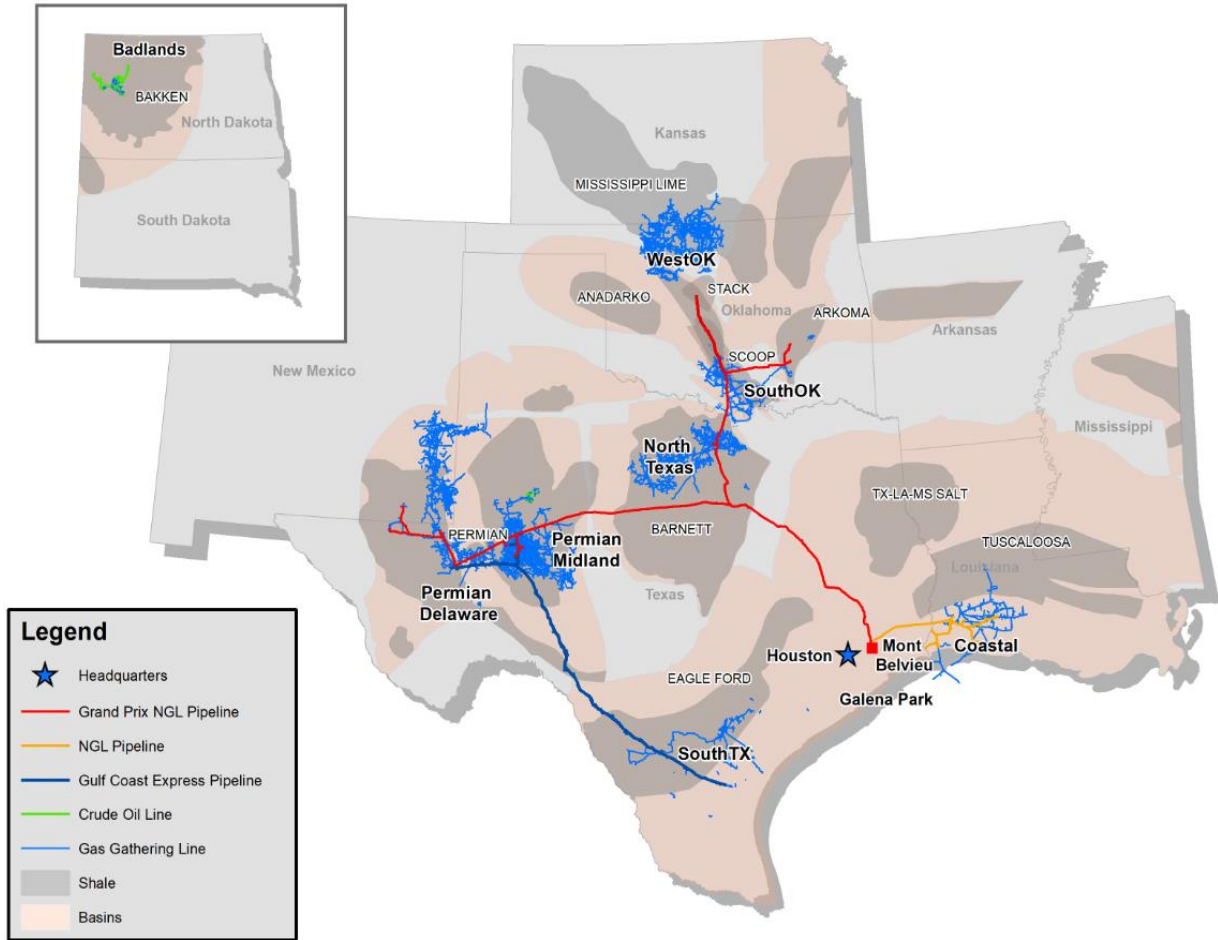
Integrated Assets That Connect Natural Gas and NGL Supply To Domestic and International Demand Markets

Substantial natural gas gathering & processing in multiple basins
~8.2 Bcf/d gross processing capacity

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

Premier NGL fractionation footprint in Mont Belvieu
813 MBbl/d gross fractionation capacity⁽¹⁾

Superior connectivity to U.S. petrochemical complex and top-tier LPG export facility⁽²⁾
~12.5 MMBbl/month effective working capacity



- 42 natural gas processing plants owned & operated
- ~31,300 miles of natural gas, NGL and crude oil pipelines
- 5 crude terminals with 215 MBbls of storage capacity
- 9 fractionation trains
- New NGL and residue pipelines
- LPG export facilities⁽²⁾

(1) Includes 40 MBbl/d of back-end capacity 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) Connected to Mont Belvieu, the U.S. NGL hub, which handles 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



ESG – Environmental, Social, Governance

Targa Is Part Of The Energy Infrastructure That Is Delivering Safe, Reliable Energy To Communities Across America

Environment & Safety

- ▶ We are committed to maintaining and operating our assets safely, efficiently, and in an environmentally responsible manner
- ▶ Wherever we operate, we strive to conduct our business with attention to the environment and to manage risks to enable sustainable business growth
- ▶ We believe that “Zero is Achievable” and our goal is to operate and deliver our products without any injuries



Environmental

We are committed to strong corporate governance and engagement with our shareholders on key governance topics

Governance

Our corporate governance practices and policies are reflected in our Corporate Governance Guidelines, Code of Conduct and Code of Ethics

Social

Social

- ▶ We respect the individual differences of our employees, customers, stakeholders, and individuals within the communities in which we operate
- ▶ We are devoted to treating everyone with dignity and respect
- ▶ We manage our business with integrity and honesty





Increasingly Well Positioned for 2021 and Beyond

2020 Strategic Actions and Overall Business Performance Strengthen Targa's Long-Term Outlook

2020 Highlights

Looking Ahead to 2021

Strategic Actions

- ▶ Reduced capital spending by 52% vs. initial estimate
- ▶ Achieved significant operating and G&A expense reductions, most of which are permanent
- ▶ Reduced common dividend 89%, preserving ~\$755MM of annual cash flow
- ▶ Continued to increase fee-based margin across G&P segment through re-contracting and through new projects placed in-service

Operational Performance

- ▶ Completed major projects on-time and on-budget
- ▶ Permian G&P natural gas inlet volumes increased significantly over 2019
- ▶ Grand Prix, fractionation and LPG export volumes all increased significantly over 2019

Financial Execution

- ▶ Record FY Adjusted EBITDA of \$1.64 billion, ~14% increase over 2019
- ▶ Generated \$575MM of free cash flow
- ▶ Improved consolidated leverage ratio to ~4.7x from ~5.5x in 2019
- ▶ Repurchased \$300MM senior notes at a significant discount
- ▶ Repurchased ~5.5MM common shares for ~\$92MM
- ▶ Redeemed \$125MM of 9.0% preferred units at TRP at par
- ▶ Repurchased ~\$46MM of TRC preferred at a discount

Estimate higher EBITDA, fee-based margin and free cash flow, and lower leverage

Lower capital spending with continued focus on integrated opportunities

Significant operating leverage across the asset footprint

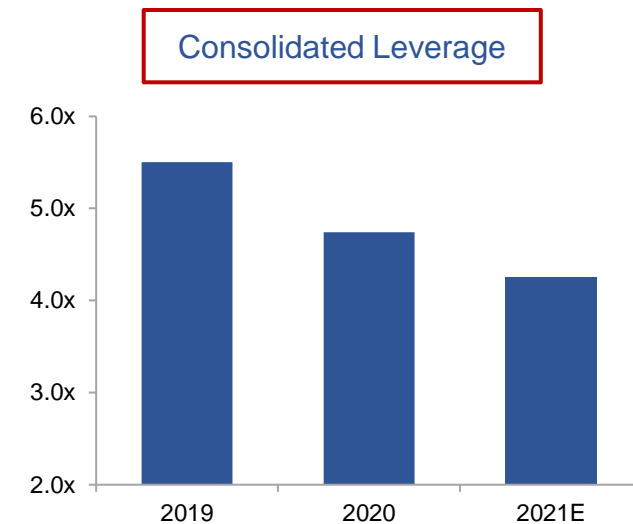
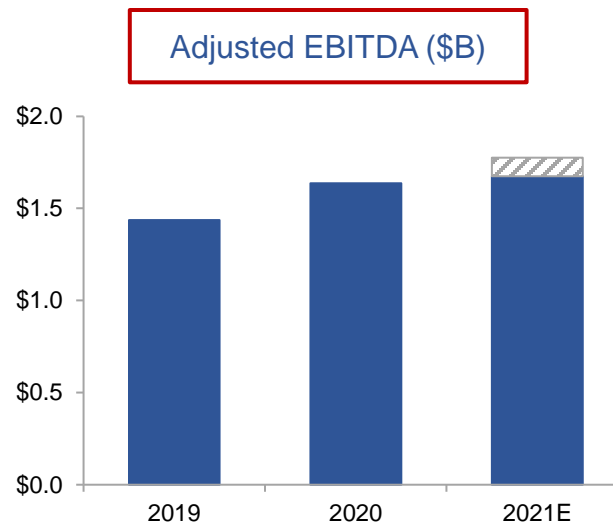
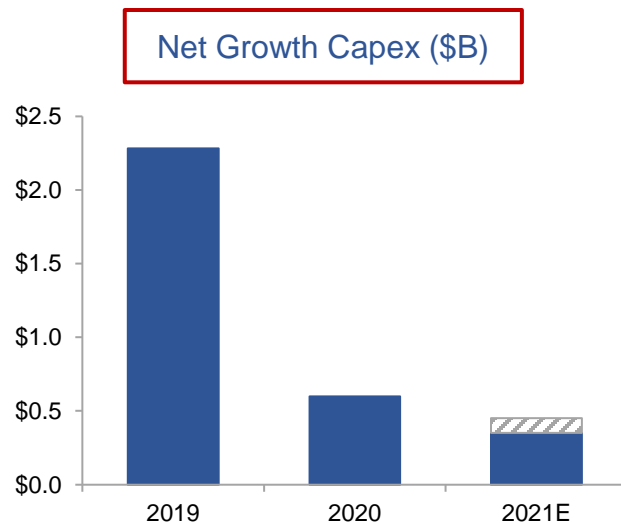
Continued focus on managing costs across the organization



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 ~\$6.4B of assets in-service since early 2018 and these expansions position Targa to benefit from increasing operating leverage moving forward
 - ✓ Added ~2 Bcf/d of incremental capacity in the Permian Basin
 - ✓ Added ~320 MBbl/d of incremental frac capacity in Mont Belvieu
 - ✓ Grand Prix NGL Pipeline began full service in 3Q19
 - ✓ Doubled LPG export capabilities with low-cost expansions
- Increasing free cash flow profile creates significant financial flexibility



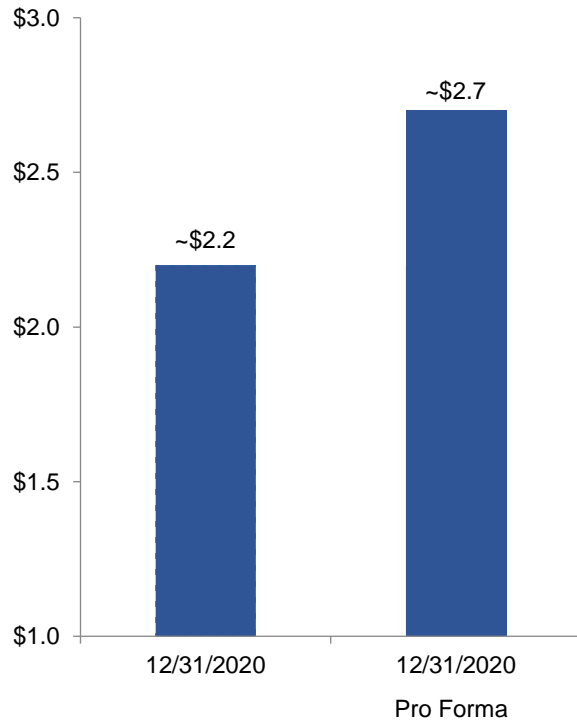
Guidance Range



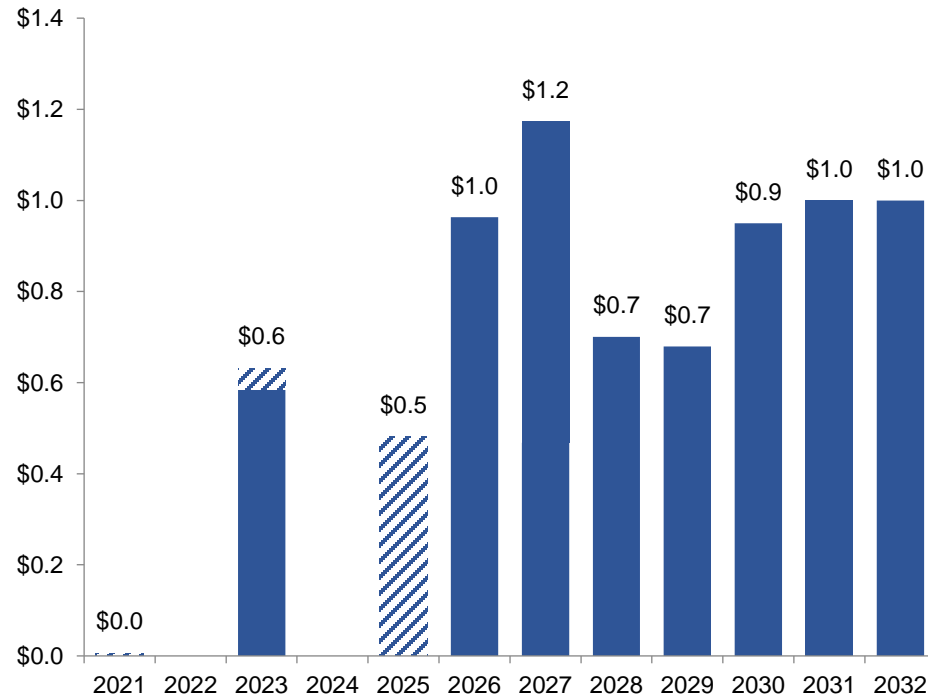
Financial Position and Leverage Outlook

Continuing To Strengthen The Balance Sheet Remains A Key Priority

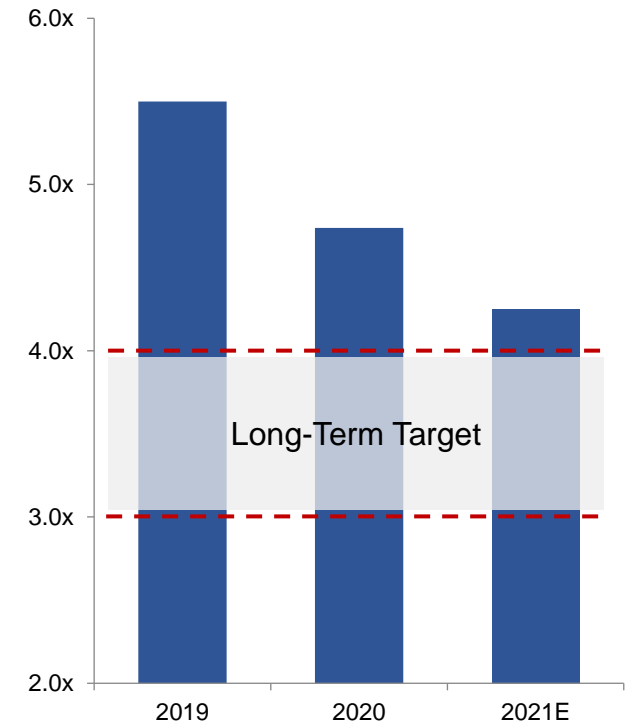
Available Liquidity (\$B)⁽¹⁾⁽²⁾



Senior Note Maturities (\$B)⁽²⁾



Continued Leverage Reduction



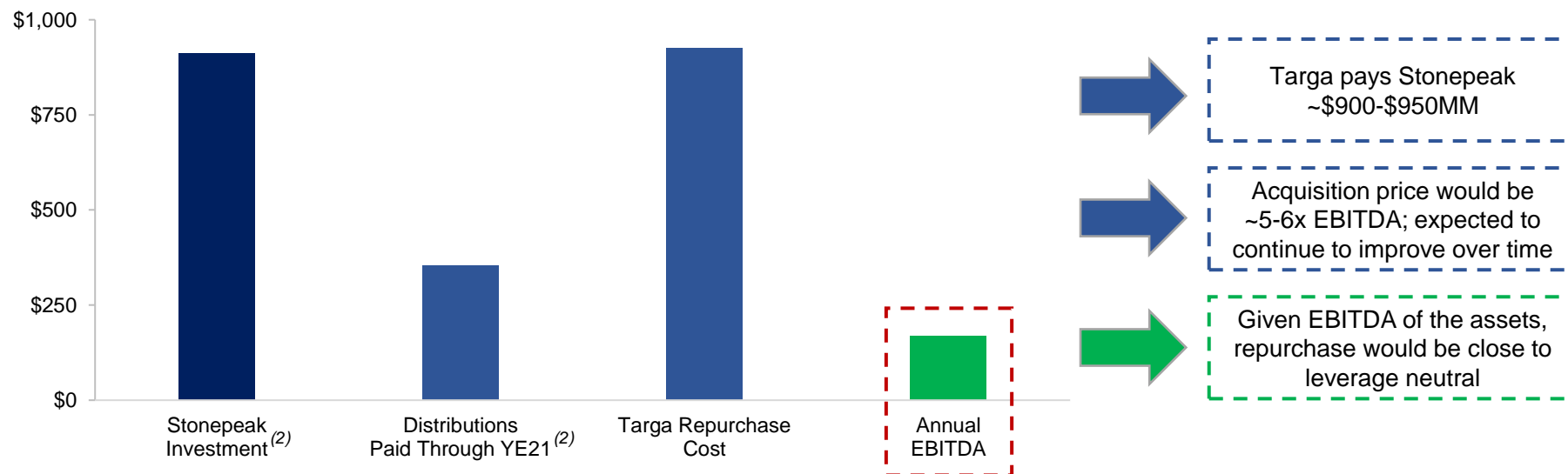
(1) Includes aggregate borrowing capacity under the TRC and TRP revolvers, plus cash on hand
 (2) Pro forma for (i) the tender and redemption of all the outstanding 5.125% senior notes due February 2025, and (ii) the redemption of all the outstanding Targa Pipeline Partners LP ("TPL") 4.75% senior notes due November 2021 and TPL 5.875% senior notes due August 2023, and repayment of borrowings under the TRP and TRC revolvers with proceeds from the issuance of \$1.0B of senior notes due 2032 in February 2021

Targa Development Company Joint Ventures (“DevCo JVs”)



Re-Purchasing The DevCo JVs Would Provide Additional EBITDA Growth At An Attractive Multiple

- 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⁽¹⁾:



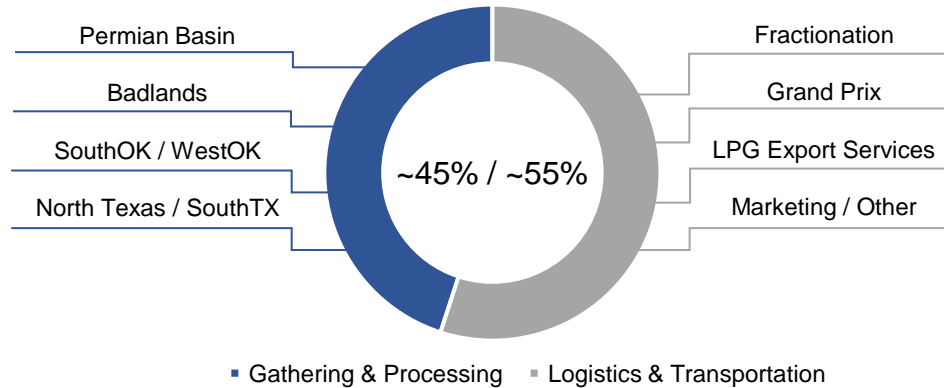
(1) Representative summary transaction; Targa has significant flexibility in timing and structure of repurchase
 (2) ~\$912 million of total Stonepeak capital invested as of December 31, 2020; Stonepeak has received quarterly distributions since the assets were placed in-service and the estimated distributions through Q4 2021 are included in the representative summary



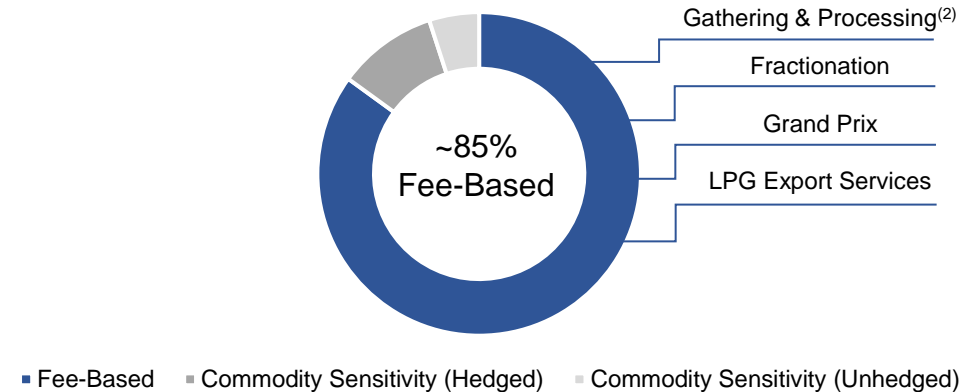
Integrated Platform Supports Fee-Based Profile

Durable Earnings Power From Significant Fee-Based Margin Across Targa Businesses

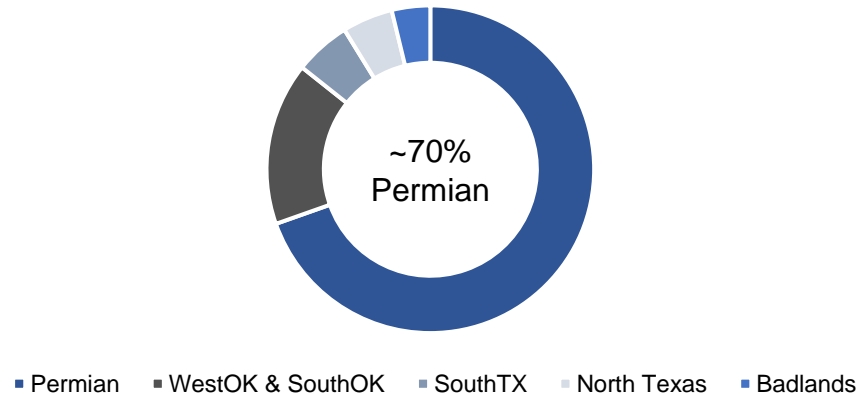
Segment Business Mix 2021E⁽¹⁾



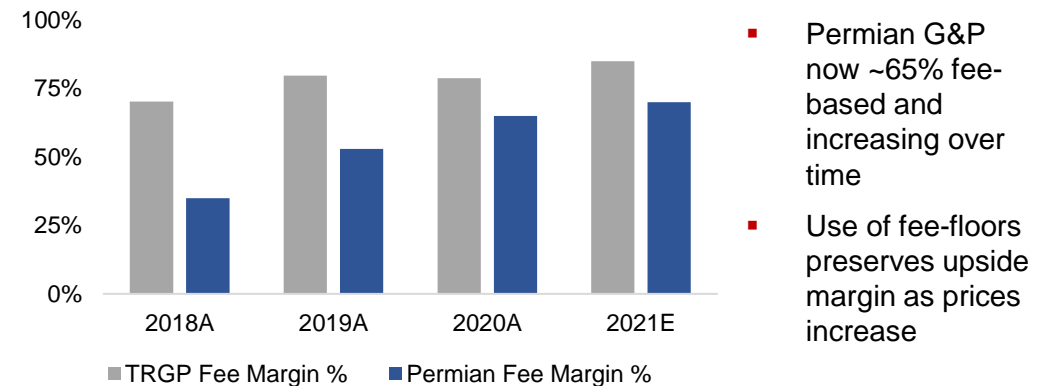
Fee-Based Profile 2021E⁽¹⁾



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



Fee-Based Margin Trend



(1) Segment business mix and fee-based profile based on 2021E 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 Q4 2020; Targa Badlands also includes significant crude infrastructure position

Integrated Infrastructure Platform

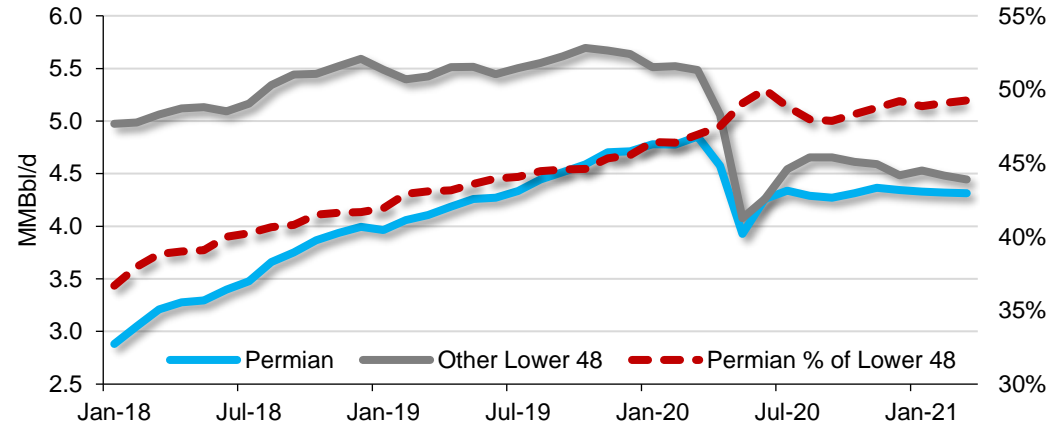




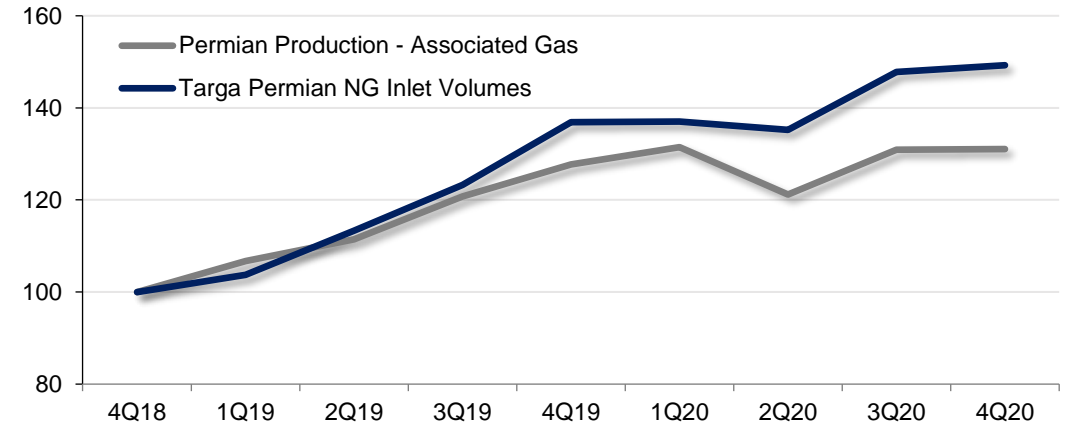
Permian Basin is a World-Class Resource

Targa's Leadership Position In The Permian and Integrated Platform Provide Reliable Access To NGL Hub In Mont Belvieu

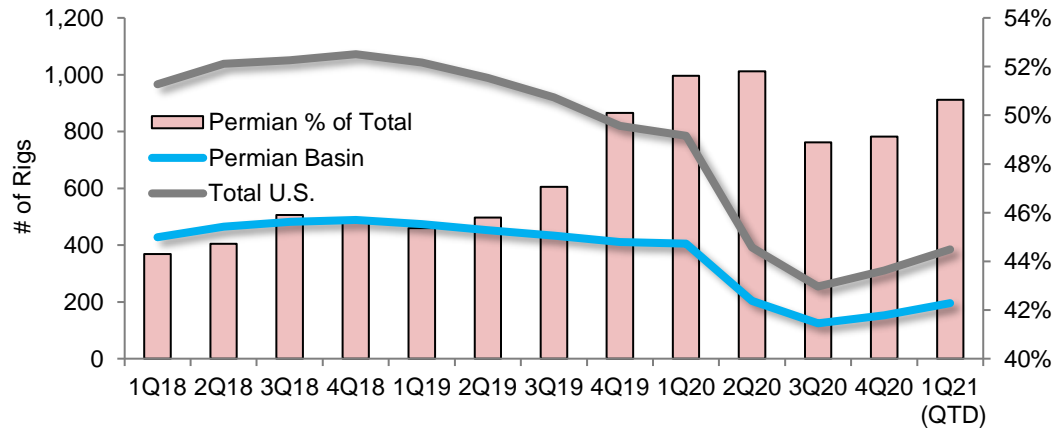
Permian Oil Production Holds Largest Share of Total U.S. Shale Supply⁽¹⁾



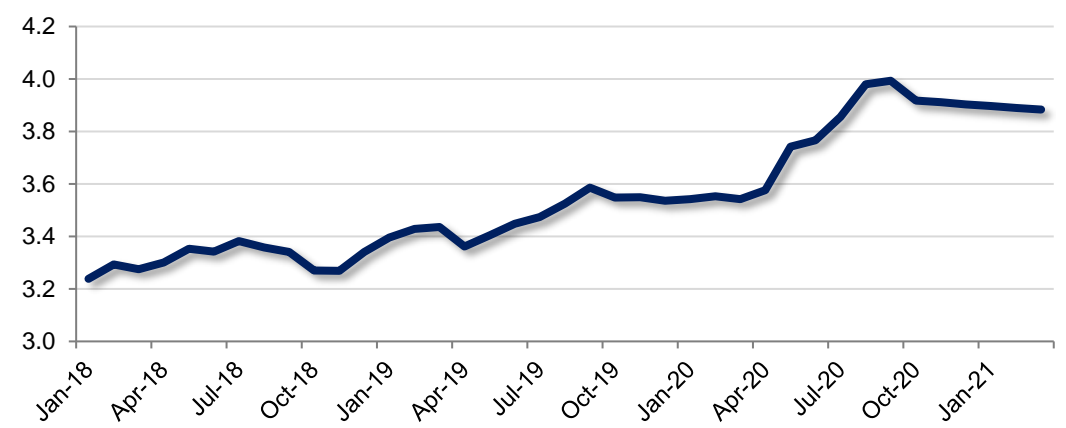
Targa's Inlet Volume Growth has Outpaced Permian Basin Production⁽¹⁾



Roughly Half of the U.S. Rigs Are Located in the Permian Basin⁽²⁾



Higher GORs Benefit Targa's Capture of Permian NGL Supply⁽¹⁾

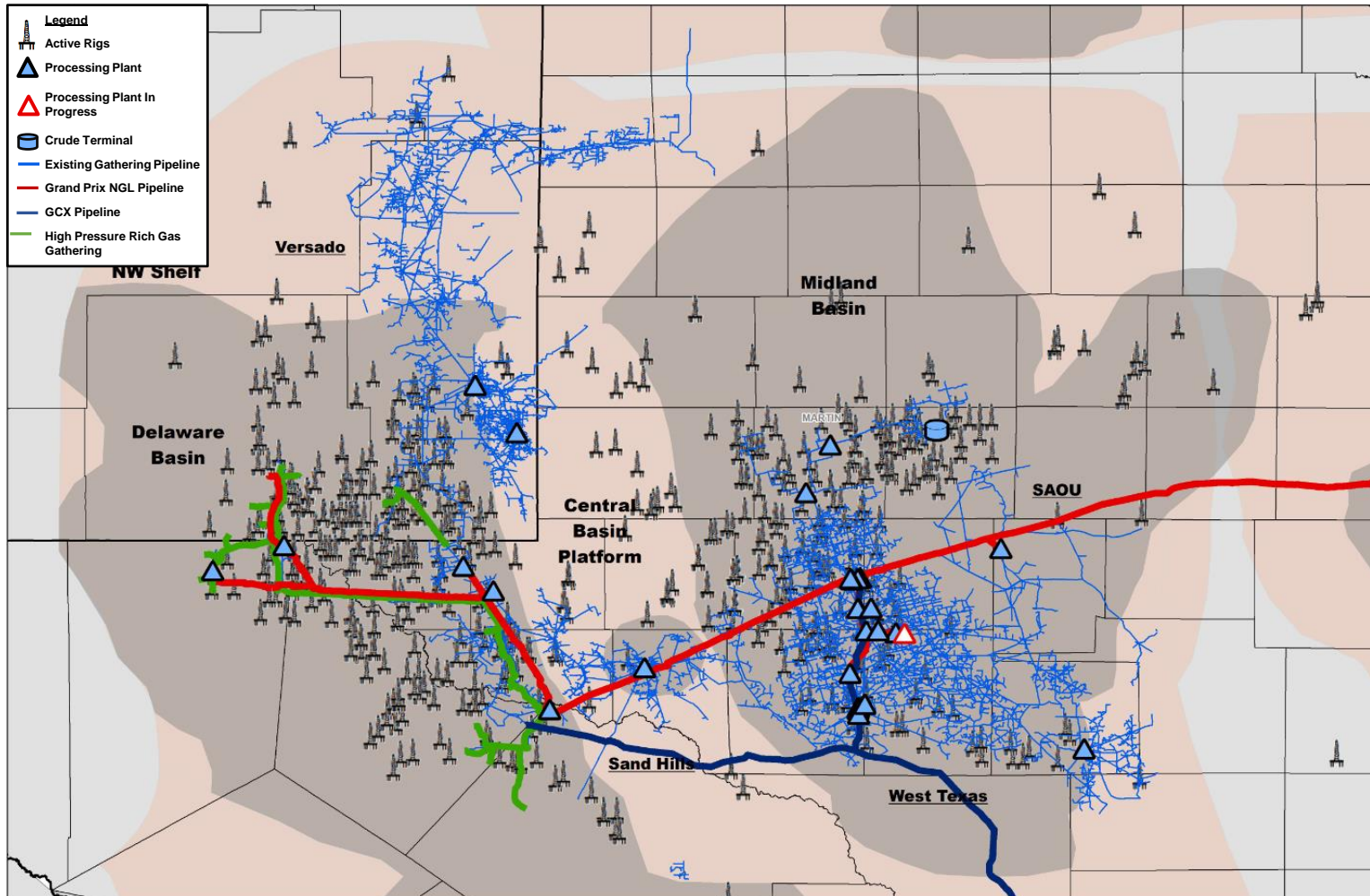


(1) Source: EIA Drilling Productivity Report – February 2021; GOR is gas-to-oil ratio
 (2) Source: Baker Hughes



Targa's Premier Permian Asset Footprint

Super-System Across The Midland and Delaware Basins With Significant Access To NGL Supply



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

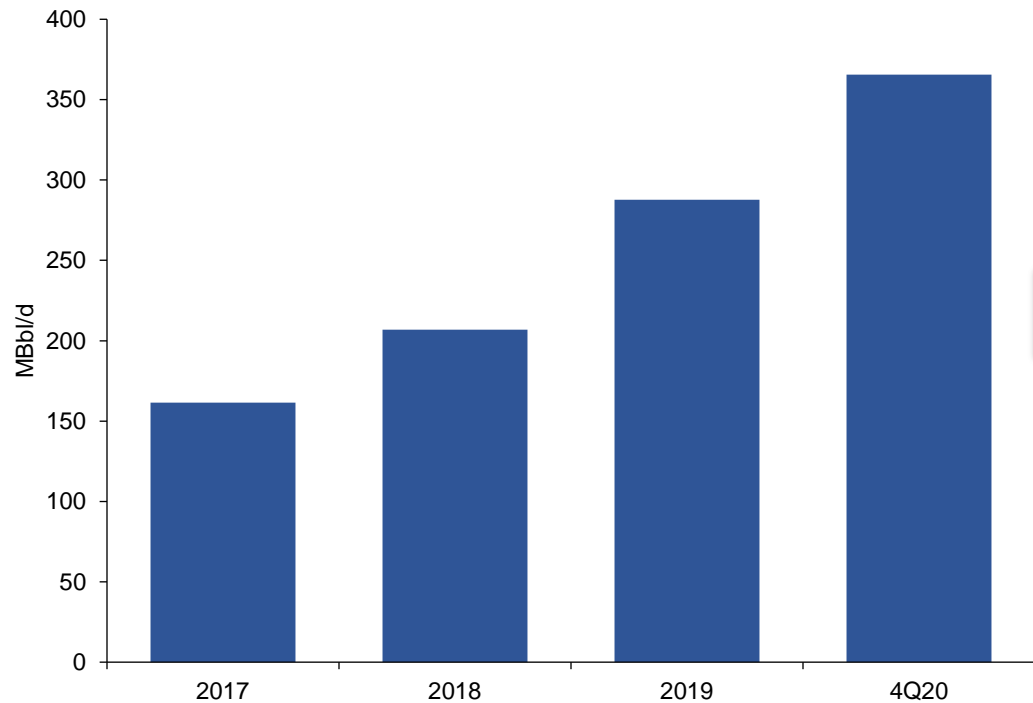
24 plants with ~3.8 Bcf/d⁽¹⁾ of total gross natural gas processing capacity

NGL Production Feeds Logistics & Transportation Assets

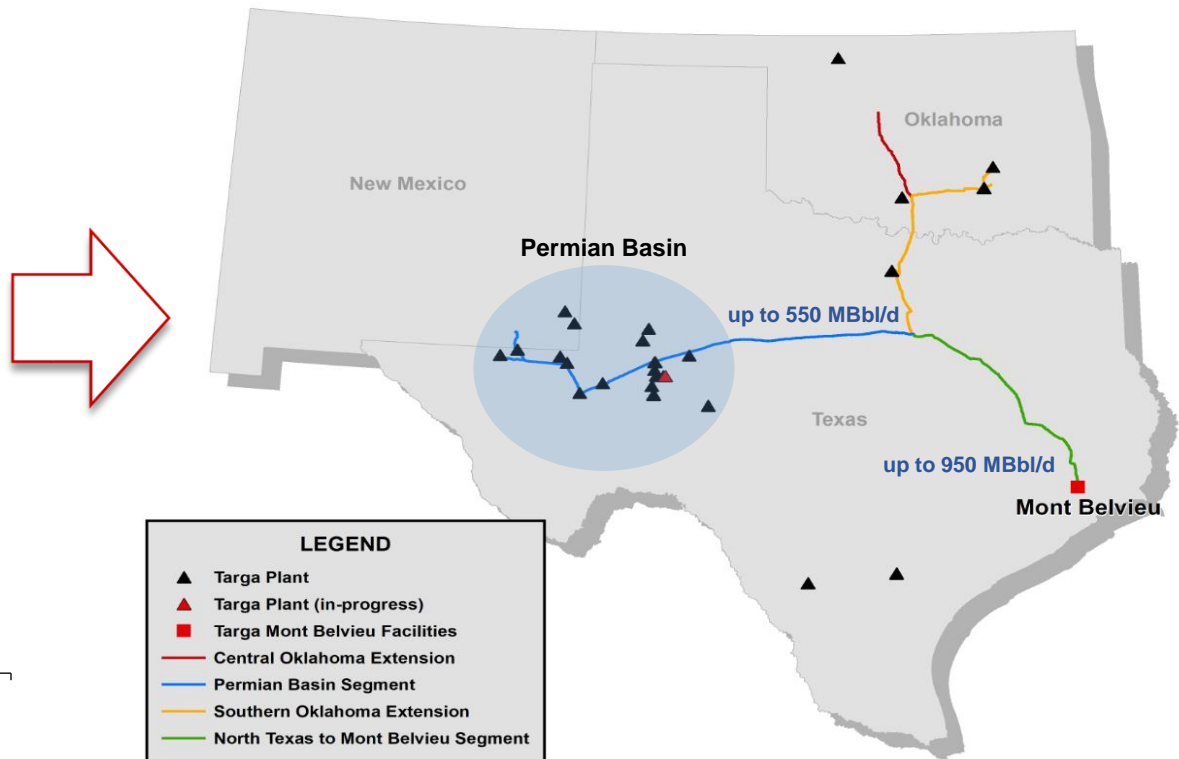


Grand Prix NGL Pipeline Connects and Directs Significant NGL Volumes To Targa's Fractionation Complex In Mont Belvieu

Significant NGLs from Targa Permian Plants



Grand Prix NGL Pipeline



- 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

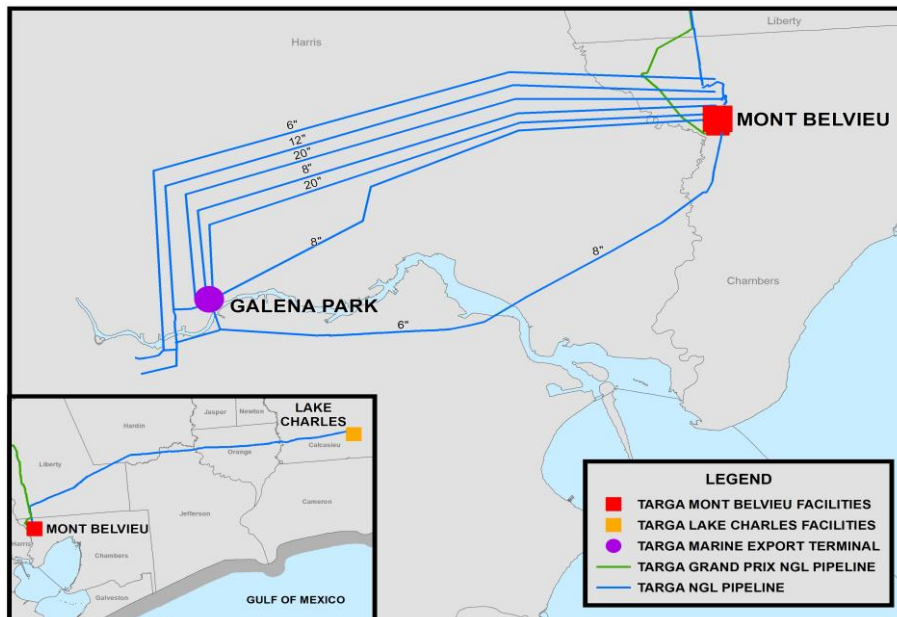
- Grand Prix connects supply to the NGL market hub and to Targa Downstream assets
- Grand Prix is positioned to benefit from growth in Permian supply and NGL production from Targa plants and from third-parties

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

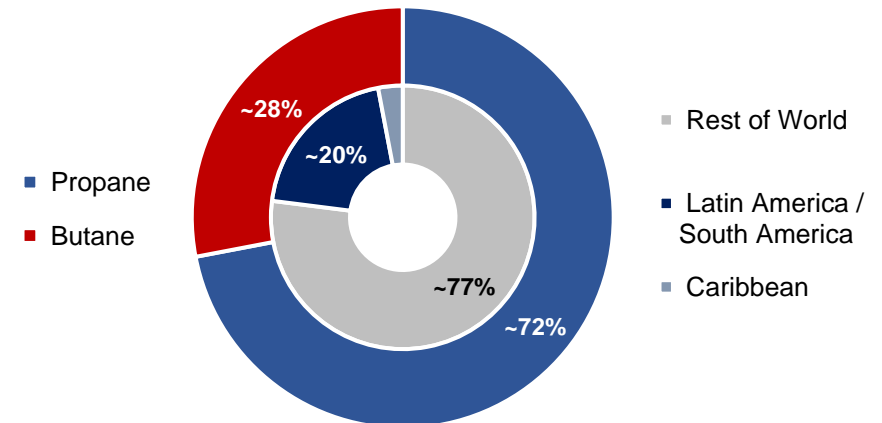
- Mont Belvieu is the U.S. NGL market hub developed over decades of industry investment
- 813 MBbl/d⁽¹⁾ gross fractionation capacity in Mont Belvieu; 55 MBbl/d in Lake Charles
- 54 MMBbls of storage capacity in Mont Belvieu
- Superior connectivity to demand (U.S. petrochemical complex and exports)



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 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 Q4 2020

Targa Sustainability and ESG



Our Operations Are Essential To The Delivery Of Energy Safely and Reliably For Everyday Life



- Targa’s operations connect natural gas and NGL to 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, and
 - ▶ 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



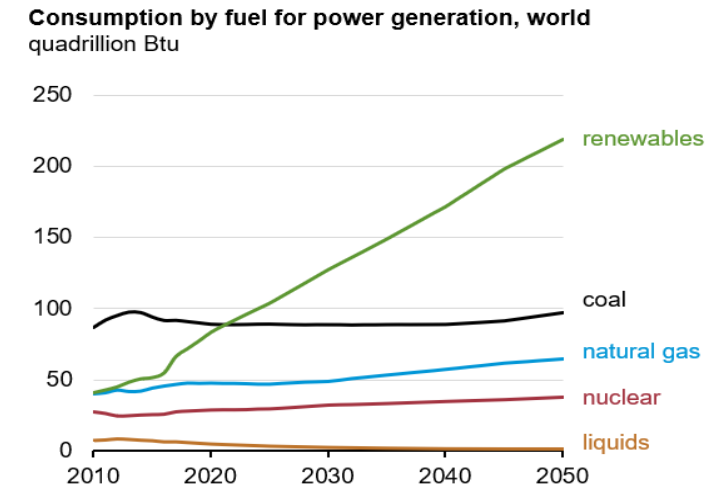
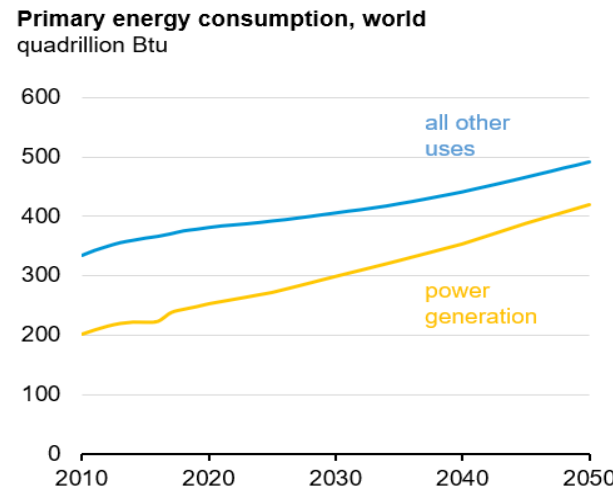
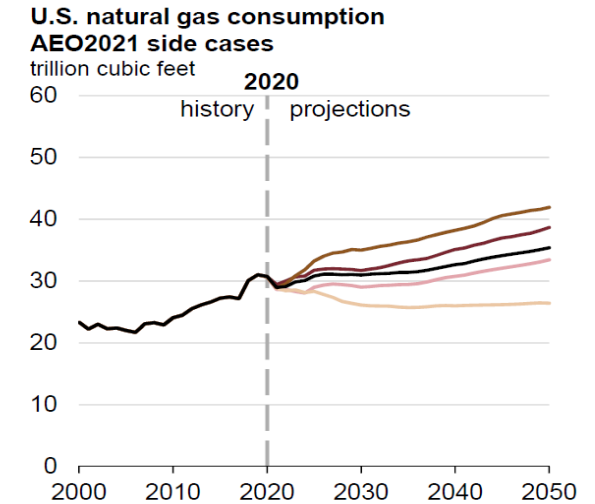
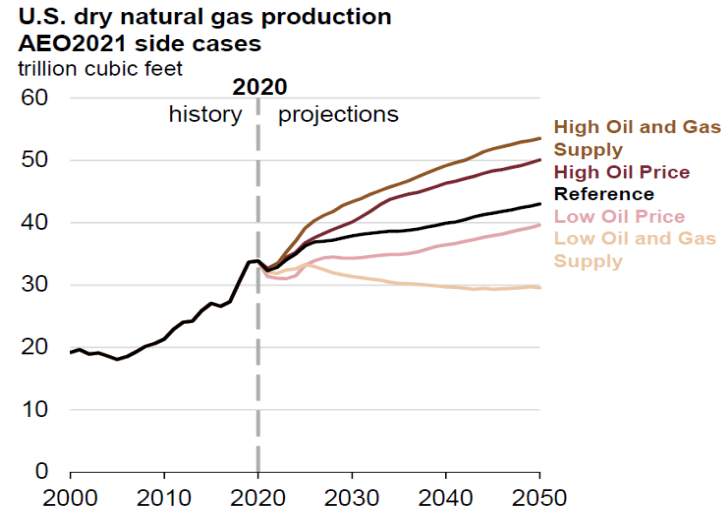
Demand for Natural Gas Continues Domestically and Globally



Targa Helps Deliver Efficient and Reliable Energy To The U.S. and To The Rest Of The World

- Abundant natural gas supply has provided the U.S. and the world with a source of cheap, reliable energy that continues to increase in demand
 - ▶ Domestic demand for natural gas continues to grow
 - ▶ Despite renewable capacity growth, natural gas projected to remain an integral part of the global power generation mix

- Even in rapid or “net zero” scenarios including the SDS scenarios developed by the IEA, natural gas continues increase in demand over 2020
 - ▶ Natural gas and other low-emission / cleaner energy fuels to support economic growth and social advancement in developing nations





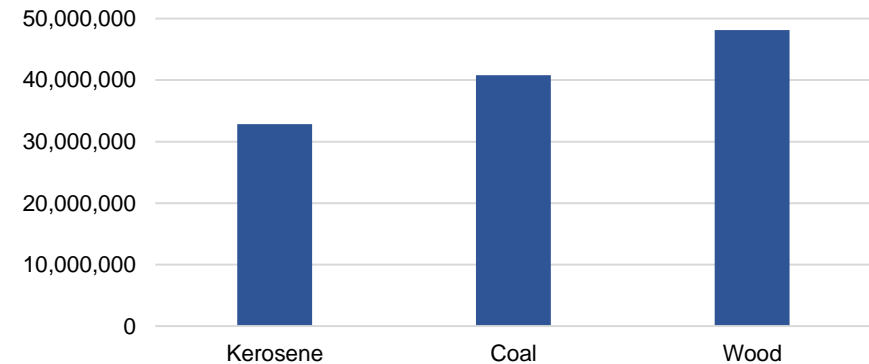
Targa is Well-Positioned to Support Global Energy Needs

Targa's Facilities Exported ~4.6 Billion Gallons Of LPGs Globally In 2020 and Helped Reduce Global CO₂ Emissions

- Through its integrated asset platform, Targa directs its growing NGL supply to its downstream complex in Mont Belvieu and its LPG export facilities in Galena Park
- 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

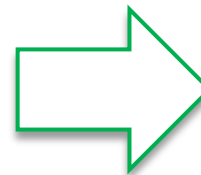


Targa's 2020 LPG Exports Displaced Higher CO₂ Emitting Fuels (MT)⁽²⁾



▪ LPG use provides emissions reductions over several other common fuel sources⁽¹⁾

- ▶ 70% fewer net CO₂ emissions than wood
- ▶ 45% fewer CO₂ emissions than coal
- ▶ 18% fewer GHG emissions than kerosene



(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 4.6 billion gallons of LPGs, in aggregate, exported from Targa's facilities in 2020. 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

Financial Highlights



2021 Financial & Operational Estimates



Significant Free Cash Flow After Dividends Available To Reduce Debt

Financial Metrics	2021 Estimates
Adjusted EBITDA	\$1,675 - \$1,775 million
Net Growth Capex	\$350 - \$450 million
Net Maintenance Capex	\$130 million
Year-End Consolidated Leverage	~4.25x
Fee-Based Margin	~85%
Segment Operating Margin Mix (G&P/L&T)	~45% / ~55%

Operational Metrics	2021 Estimates
Permian G&P Inlet Volume Growth	5% to 10% increase y/y
Total Field G&P Inlet Volume Growth	flat y/y
Grand Prix NGL Pipeline	25%+ increase y/y

Commodity Price Assumptions

Wtd Avg NGL (\$/Gal)	\$0.55
HH Nat Gas (\$/MMBtu)	\$3.00
Waha Nat Gas (\$/MMBtu)	\$2.65
WTI Crude Oil (\$/Bbl)	\$50.00

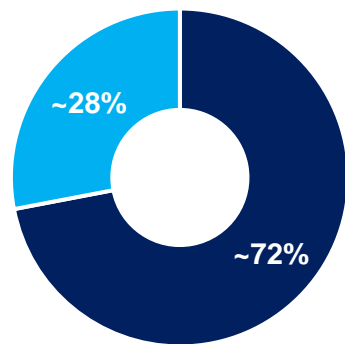


Risk Management

Hedging Program and Credit Risk Management Framework Further Strengthens Cash Flow Stability

2021 Hedges				2022 Hedges				Commodity Price Sensitivity		
Commodity	Volumes Hedged ⁽¹⁾	Exposure Hedged (%) ⁽²⁾	Wtd. Avg. Hedge Price ⁽³⁾	Commodity	Volumes Hedged ⁽¹⁾	Exposure Hedged (%) ⁽²⁾	Wtd. Avg. Hedge Price ⁽³⁾	Commodity	Price Sensitivity	2021E Adj EBITDA Impact
Natural Gas (MMBtu/d)	167,169	~90%	\$1.77	Natural Gas (MMBtu/d)	100,872	~55%	\$1.72	Natural Gas (\$/MMBtu)	+/- \$0.25	+/- ~\$1 million
NGLs ⁽⁴⁾ (Bbl/d)	29,020	~70%	\$0.45	NGLs ⁽⁴⁾ (Bbl/d)	21,439	~50%	\$0.39	NGLs (\$/Gal)	+/- \$0.05	+/- ~\$26 million
Condensate (Bbl/d)	5,483	~90%	\$52.57	Condensate (Bbl/d)	3,108	~50%	\$48.09	Condensate (\$/Bbl)	+/- \$5.00	+/- ~\$2 million

Revenue from Top 25 Customers⁽⁵⁾



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

- ▶ ~72% of revenue from top 25 customers is investment grade (“IG”) or backed by a Letter of Credit (“LC”)
- ▶ Top 25 customers represent ~70% of total revenue⁽⁵⁾

Revenue from Top 25 Customers⁽⁵⁾

- Gathering & Processing
 - ▶ Targa is predominantly in a net payable position to its G&P customers
 - ▶ Diverse group, with many 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 an LC to cover exposure

(1) Includes hedges executed through January 27, 2021
 (2) Based on an estimated average daily equity volumes for 2021
 (3) Weighted average hedge prices assume put prices for collars
 (4) Targa’s composite NGL barrel comprises 43% ethane, 32% propane, 12% normal butane, 4% isobutane and 9% natural gasoline
 (5) Based on consolidated revenue for the twelve months ended 12/31/2020

Reconciliations

Non-GAAP Financial Measures



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

The Company utilizes non-GAAP measures to analyze the Company's performance. Gross margin, operating margin, Adjusted EBITDA, distributable cash flow, and free cash flow are non-GAAP measures. The GAAP measure most directly comparable to these non-GAAP measures is net income (loss) attributable to TRC. These non-GAAP measures should not be considered as an alternative to GAAP net income attributable to TRC 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 net income, 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

Adjusted EBITDA is defined as net income (loss) attributable to TRC 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 Free Cash Flow

Distributable cash flow is defined as Adjusted EBITDA less distributions to TRP preferred limited partners, cash interest expense on debt obligations, cash tax (expense) benefit and maintenance capital expenditures (net of any reimbursements of project costs). The Preferred Units issued by the Partnership in October 2015 were redeemed in December 2020 and are no longer outstanding as of the end of the year. Free cash flow is defined 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 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



Reconciliation of estimated net income attributable to TRC to estimated Adjusted EBITDA

	Full Year 2021E	
	(In millions)	
Net income attributable to TRC	\$	300.0
Interest expense, net		375.0
Income tax expense		100.0
Depreciation and amortization expense		895.0
Equity earnings		(65.0)
Distributions from unconsolidated affiliates and preferred partner interests, net		110.0
Compensation on equity grants		60.0
Noncontrolling interests adjustments ⁽¹⁾		(50.0)
TRC Estimated Adjusted EBITDA	\$	1,725.0

Non-GAAP Measures Reconciliation



	Year Ended December 31,	
	2020	2019
	(In millions)	
Reconciliation of Net Income (Loss) attributable to TRC to Adjusted EBITDA, Distributable Cash Flow and Free Cash Flow		
Net income (loss) attributable to TRC	\$ (1,553.9)	\$ (209.2)
Income attributable to TRP preferred limited partners	15.1	11.3
Interest (income) expense, net	391.3	337.8
Income tax expense (benefit)	(248.1)	(87.9)
Depreciation and amortization expense	865.1	971.6
Impairment of long-lived assets	2,442.8	225.3
(Gain) loss on sale or disposition of business and assets	58.4	71.1
Write-down of assets	55.6	17.9
(Gain) loss from sale of equity-method investment	—	(69.3)
(Gain) loss from financing activities (1)	(45.6)	1.4
Equity (earnings) loss	(72.6)	(39.0)
Distributions from unconsolidated affiliates and preferred partner interests, net	108.6	61.2
Change in contingent considerations	(0.3)	8.7
Compensation on equity grants	66.2	60.3
Risk management activities	(228.2)	112.8
Severance and related benefits (2)	6.5	—
Noncontrolling interests adjustments (3)	(224.3)	(38.5)
TRC Adjusted EBITDA	\$ 1,636.6	\$ 1,435.5
Distributions to TRP preferred limited partners	(15.1)	(11.3)
Interest expense on debt obligations (4)	(388.9)	(342.1)
Cash tax refund	44.4	—
Maintenance capital expenditures	(109.5)	(141.7)
Noncontrolling interests adjustments of maintenance capital expenditures	5.3	6.8
Distributable Cash Flow	\$ 1,172.8	\$ 947.2
Growth capital expenditures, net (5)	(597.9)	(2,281.7)
Free Cash Flow	\$ 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 growth capital expenditures, net of contributions from noncontrolling interests and net contributions to investments in unconsolidated affiliates.



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