Targa Resources Corp.

Third Quarter 2020
Earnings Supplement
November 5, 2020

TARGA

Forward Looking Statements

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.

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**

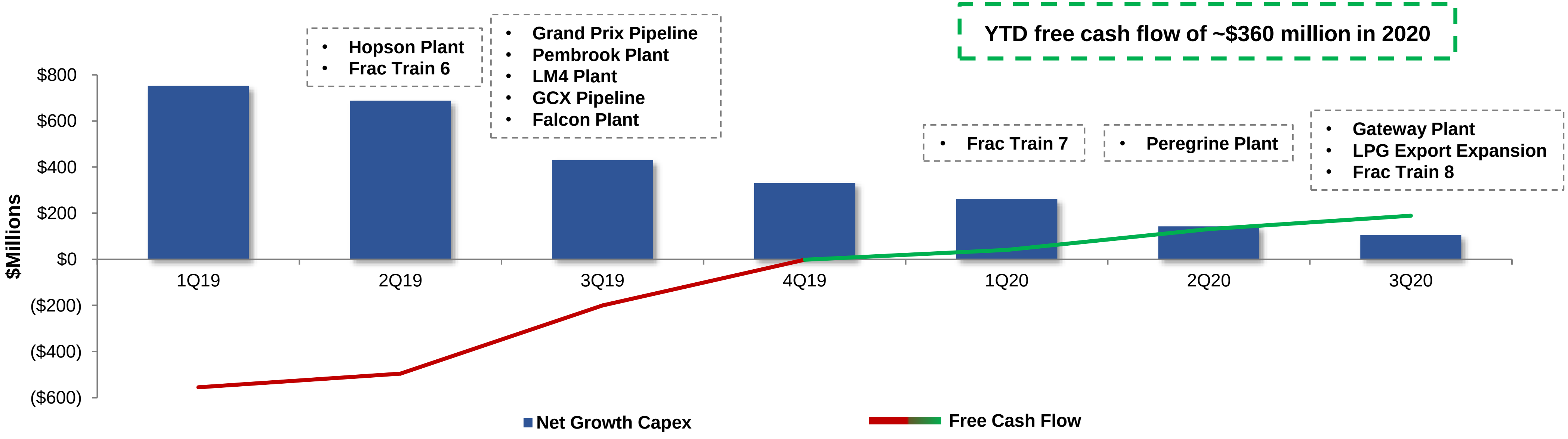
  Operational performance:
  - Targa continued to benefit sequentially from the strength of its integrated asset position and its leading Permian supply position
    - ✓ Permian G&P volumes +9% in Q3
    - ✓ Grand Prix transportation volumes +18% in Q3
    - ✓ LPG export volumes +22% in Q3

  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

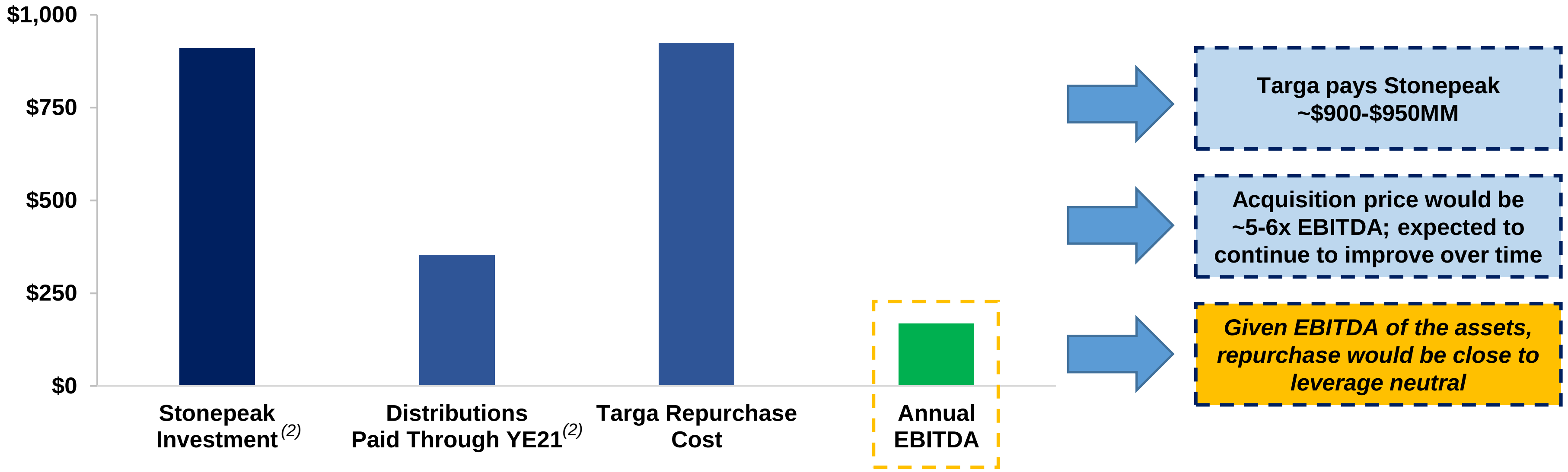
Increasing FCF positions Targa to continue to execute long term strategy of reducing leverage over time

- **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(1):**



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

(1) Representative repurchase summary; 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

Operational Performance – Gathering & Processing Segment

3Q20 Highlights:

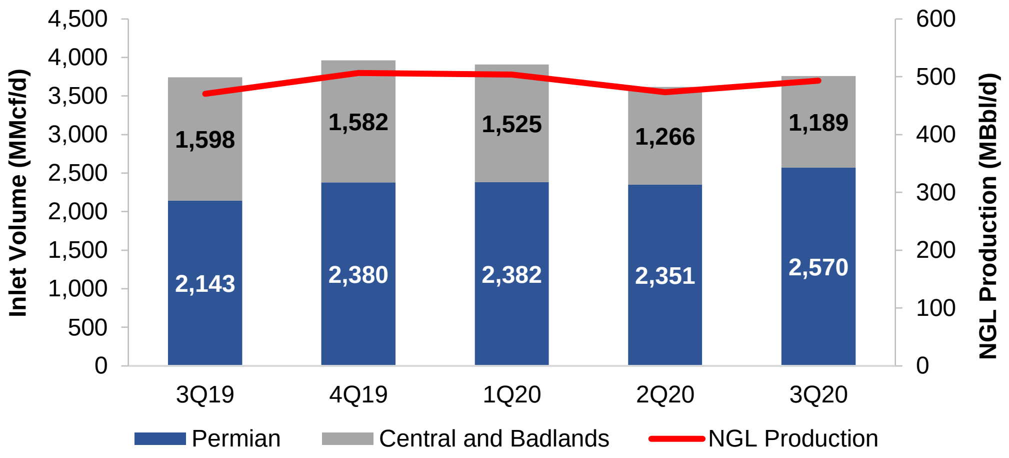
Field G&P Natural Gas Inlet

- Permian volumes +9% sequentially due to the resumption of production from temporary shut-ins, increased producer activity, and the addition of the Gateway Plant in Permian Midland
- Badlands volumes +23% sequentially due to the resumption of production from temporary shut-ins and increased producer activity
- Central volumes -9% sequentially due to the impacts of continued temporary shut-ins and reduced producer activity

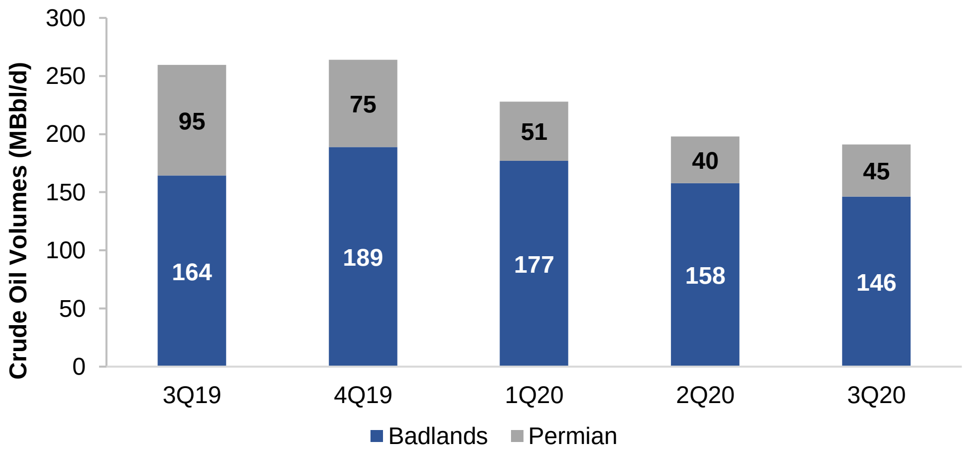
Crude Oil Volumes

- Badlands volumes -7% sequentially due to the timing of resumption of production from temporary shut-ins
- Permian volumes +11% sequentially due to the resumption of production from temporary shut-ins and increased producer activity

Field G&P Natural Gas Inlet Volumes and NGL Production



Crude Oil Volumes[(1)]



(1) *Permian crude oil volumes reflect the sale of the Delaware crude system, which was effective December 1, 2019*

Operational Performance – Logistics & Transportation Segment

3Q20 Highlights:

NGL Transportation

- Targa's Grand Prix NGL Pipeline throughput deliveries into Mont Belvieu +18% sequentially due to higher Targa Permian inlet volumes and higher Permian production

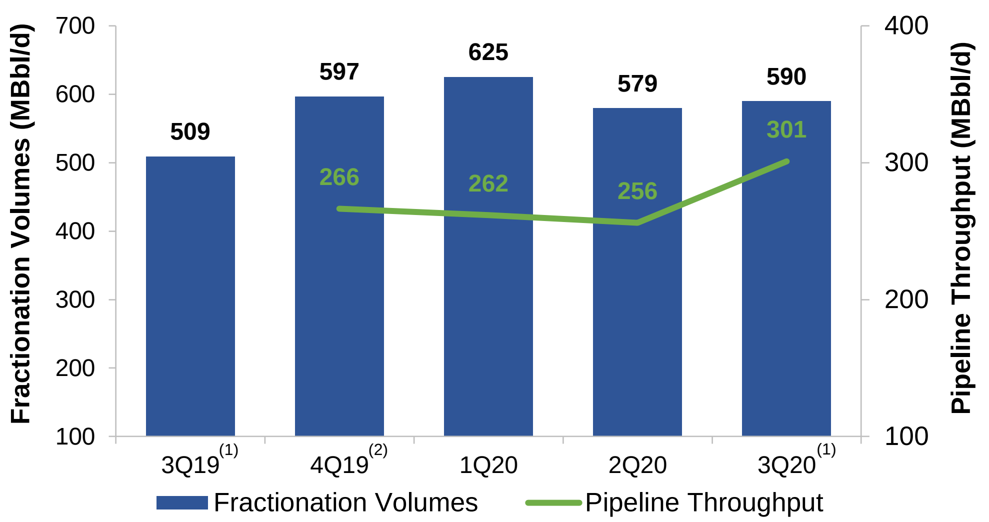
Fractionation

- Fractionation volumes +2% sequentially due to higher volumes delivered on Grand Prix, partially offset by scheduled maintenance in 3Q, resulting in incremental frac volumes shifting to 4Q
- Frac Train 8 commenced service in late 3Q

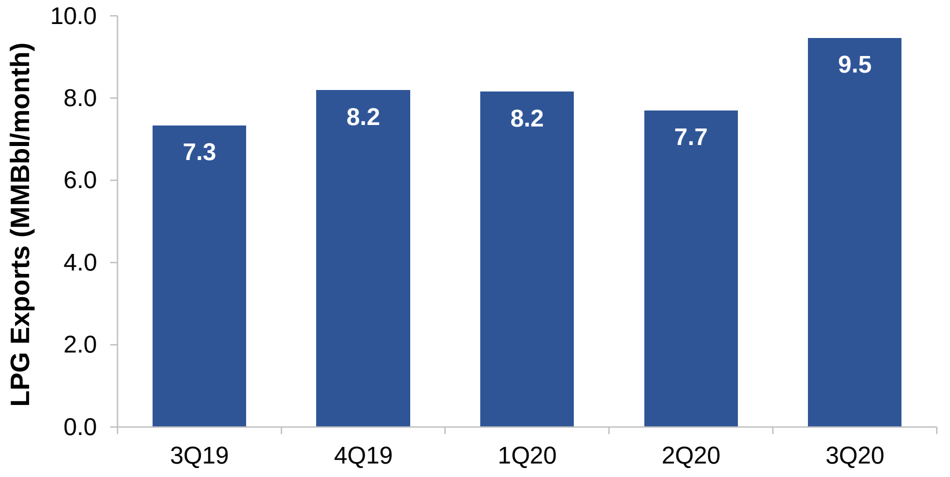
LPG Export Services

- LPG export volumes +22% sequentially due to the phased expansion completed in 3Q at Targa's LPG export facilities in Galena Park.

Targa Pipeline Transportation and Fractionation Volumes



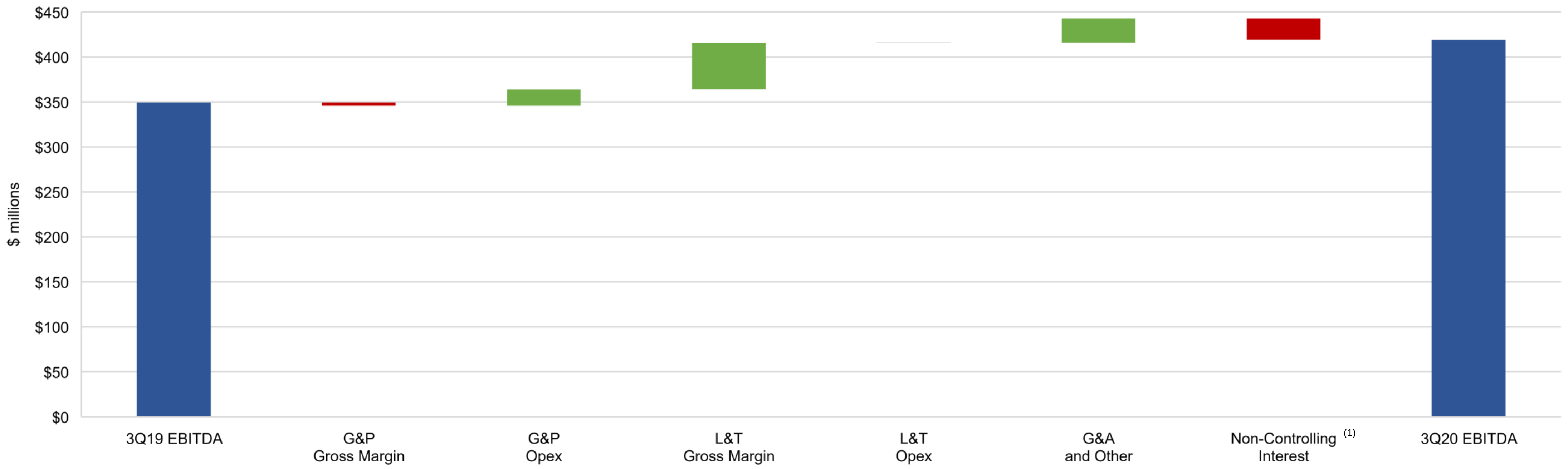
Galena Park LPG Export Volumes



(1) Fractionation volumes were impacted by scheduled turnaround and maintenance
(2) 4Q19 Grand Prix Pipeline volumes represents the asset's first full quarter of operations; Grand Prix commenced full operations into Mont Belvieu in early August 2019

Financial Performance – 3Q 2020 vs. 3Q 2019

Adjusted EBITDA Bridge



Segment Operating Margin

Gathering & Processing segment operating margin increased $14.5[2] million

+ Higher Permian gas volumes
+ Higher Badlands gas volumes
+ Lower operating expenses from cost reduction measures despite several new assets in service over the past year
− Lower realized hedge gains
− Lower Central volumes

Logistics & Transportation segment operating margin increased $51.5 million

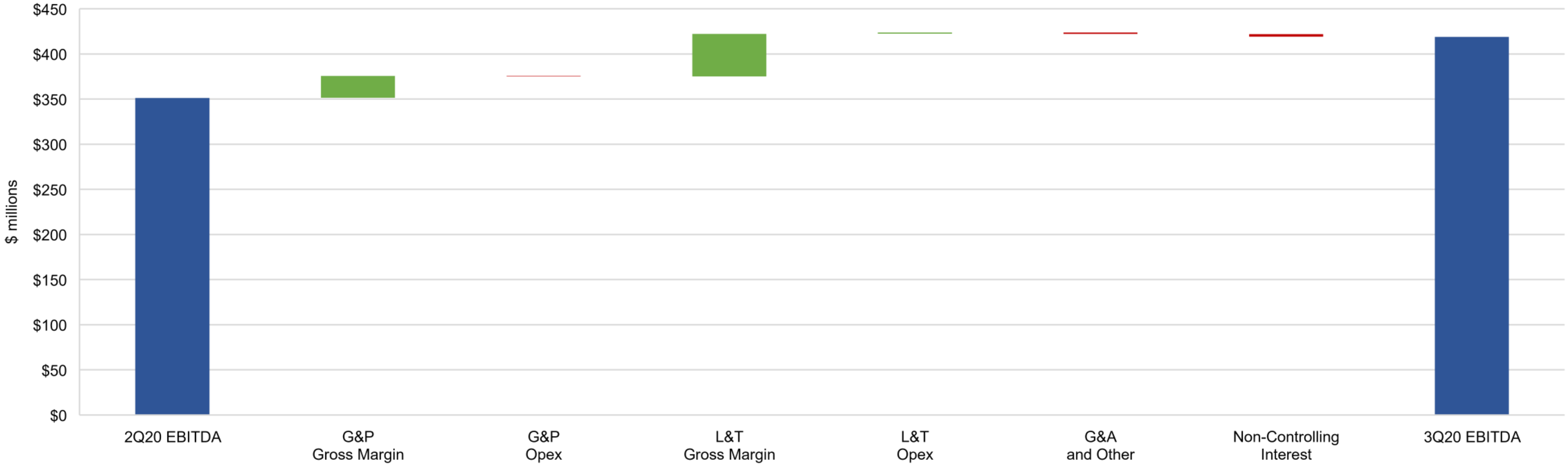
+ Higher NGL transportation and fractionation volumes
+ Higher LPG export volumes
− Lower Marketing and Other due to less optimization margin realized in marketing businesses

Operating expenses were flat, despite several new assets in service over the last year

(1) Grand Prix and GCX began full operations during 3Q19
(2) Inclusive of realized hedge gain/(loss)

Financial Performance – 3Q 2020 vs. 2Q 2020

Adjusted EBITDA Bridge



Segment Operating Margin

Gathering & Processing segment operating margin increased $23.8[(1)] million

- \+ Higher Permian gas volumes
- \+ Higher Badlands gas volumes
- − Lower Central volumes and lower realized hedge gains

Operating expenses were flat, despite the addition of the new Gateway Plant in the Permian

Logistics & Transportation segment operating margin increased $48.9 million

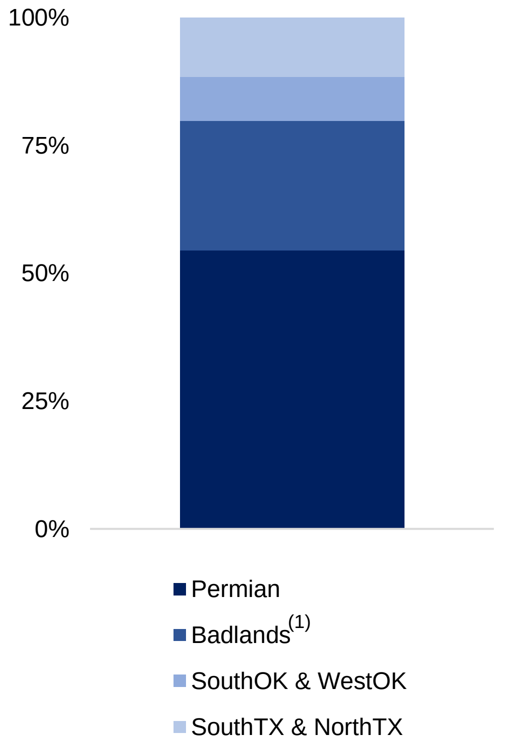
- \+ Higher NGL transportation and fractionation volumes
- \+ Higher LPG export volumes
- \+ Higher Marketing and Other due to greater optimization margin realized in marketing businesses

Lower operating expenses, despite the addition of Train 8 and phased export expansion

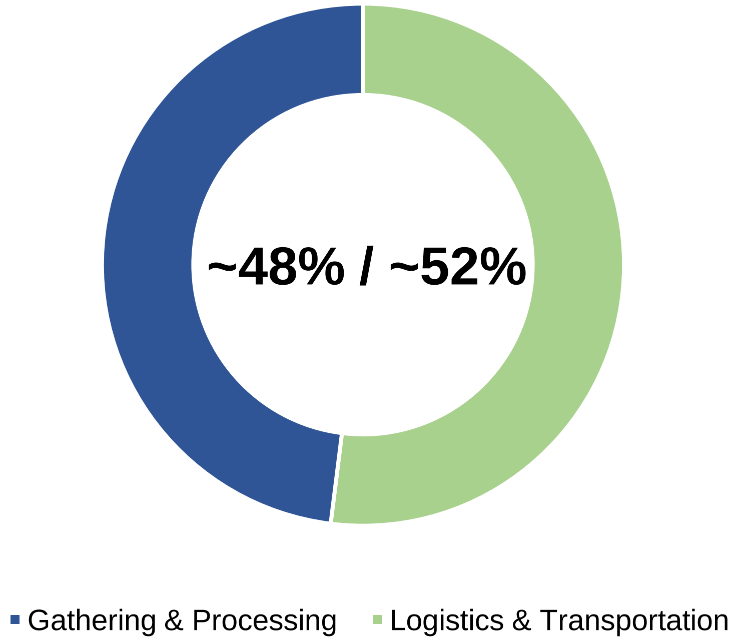
(1) *Inclusive of realized hedge gain/(loss)*

Business Mix – 3Q 2020

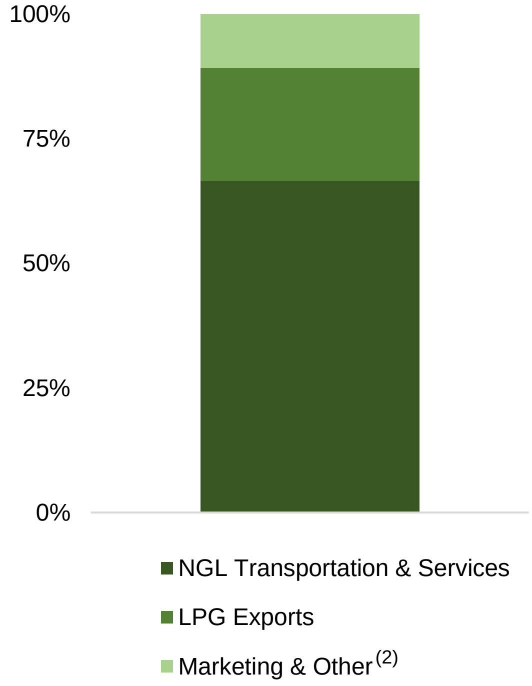
Field Gathering & Processing Operating Margin 3Q 2020



Business Mix – Segment Operating Margin



Logistics & Transportation Operating Margin 3Q 2020



Business mix has shifted more towards the Logistics & Transportation segment due to Grand Prix and to recently completed growth projects, which are backed predominantly by fee-based contracts

(1) Fully consolidated operating margin

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

2020 Financial Estimates

Adjusted EBITDA Estimate FY 2020E *($ in millions)*
at or around the high end of
$1,500 - $1,625

Capital Expenditure Estimates FY 2020E *($ in millions)*	
Net Growth Capital Expenditures	**~$700**
Gathering & Processing (1)	*~40%*
Logistics & Transportation ("Downstream")	*~60%*
Net Maintenance Capital Expenditures	**~$110**

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

(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) Expected to be operational by end of Q4 2020

Risk Management

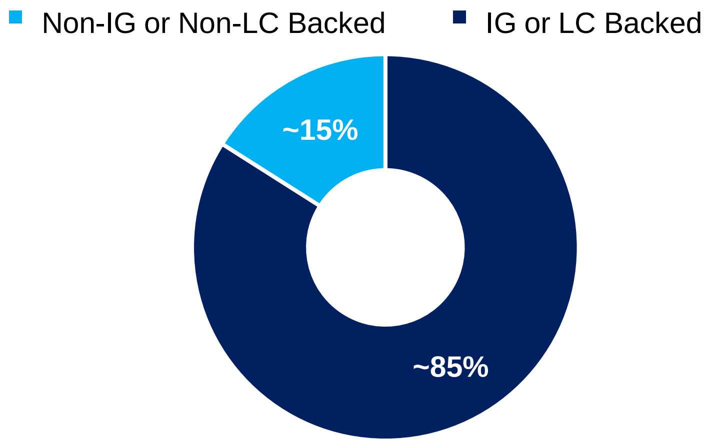
Hedging Program Further Strengthens Cash Flow Stability

Field G&P Hedging Update

2020				2021			
Commodity	Volumes Hedged	Exposure Hedged (%)[1]	Wtd. Avg. Hedge Price[2]	Commodity	Volumes Hedged	Exposure Hedged (%)[1]	Wtd. Avg. Hedge Price[2]
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)[3]	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[4]



- ~85% of revenue from top 25 customers is investment grade or LC backed
- Top 25 customers represents ~60% of total revenue[4]

- **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

Reconciliations

Non-GAAP Measures Reconciliation

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[1]		6.5
Noncontrolling interests adjustments[2]		(230.0)
TRC Estimated Adjusted EBITDA	**$**	**1,625.0**

(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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