



Targa Resources Corp. to Acquire Permian Basin Gathering & Processing System for \$1.25 Billion

December 1, 2025

- \$1.25 billion purchase price represents ~6 times 2026 estimated unlevered adjusted free cash flow
- Underpinned by long-term acreage dedications of ~170,000 acres and attractive fee-based contracts
- Stable volume profile with significant additional economic drilling opportunities
- Further enhances Targa's leading sour gas treating capabilities and expands Targa's gathering and processing (G&P) footprint in the Permian Basin
- Increases scale and cash flow with minimal impact to pro forma leverage

HOUSTON, Dec. 01, 2025 (GLOBE NEWSWIRE) -- Targa Resources Corp. (NYSE: TRGP) ("Targa" or the "Company") announced today a definitive agreement under which a wholly-owned subsidiary of Targa will acquire Stakeholder Midstream, LLC ("Stakeholder") for \$1.25 billion in cash.

Stakeholder provides natural gas gathering, treating, and processing services and crude gathering and storage services in the Permian Basin, including approximately 480 miles of natural gas pipelines, approximately 180 million cubic feet per day ("MMcf/d") of cryogenic natural gas processing and sour treating capacity, carbon capture ("CCUS") activities generating 45Q tax credits, and a small crude oil gathering system. Stakeholder's assets are anchored by long-term, fee-based contracts across approximately 170,000 dedicated acres underpinned by attractive acreage with activity that has exhibited very low decline rates, supporting a durable volume profile. Additionally, Stakeholder's sour gas treating and CCUS activities complement Targa's best-in-class treating and CCUS footprint in the Permian.

Targa expects Stakeholder to generate unlevered adjusted free cash flow of approximately \$200 million annually with minimal capital needs, very low integration costs and attractive acreage with a stable volume profile.

"This acquisition is a nice bolt-on asset that has meaningful free cash flow supported by a stable to modestly growing volume profile with minimal capital needs and executed at an attractive valuation. We believe this transaction is a continuation of our strategy of identifying opportunities to create shareholder value with balance sheet strength," said Matt Meloy, Chief Executive Officer of Targa.

"We are very familiar with the acquired assets and have strong relationships with some of the largest producers on the system. Targa's organic growth opportunity set coupled with this accretive bolt-on transaction positions us well to enhance our already strong growth profile," added Meloy.

"From our formation, Stakeholder set out to create midstream infrastructure to service one of the nation's leading energy-producing regions. It has been a pleasure and an honor to partner with first-class team members, customers, the community and vendors who contributed their expertise, dedication and creativity to the overall success of the Stakeholder platform and the broader San Andres play," said Gaylon Gray, Co-Chief Executive Officer of Stakeholder.

"We would like to recognize our financial sponsor, EnCap Flatrock Midstream, and our board of directors for their partnership and ongoing support since we started this journey. The Stakeholder team is excited to watch the continued development and growth of its platform going forward under Targa's leadership."

Additional Information and Advisors

Completion of this transaction is subject to customary closing conditions, including regulatory approvals. The transaction is expected to close in the first quarter of 2026. The Company expects to fund the acquisition using its strong liquidity position, including cash on hand and its existing \$3.5 billion revolving credit facility. Pro forma for the transaction, the company expects limited impact to its leverage ratio and will remain within its long-term leverage target range of 3.0 to 4.0 times.

RBC Capital Markets is serving as Targa's financial advisor, and Latham & Watkins LLP is acting as Targa's legal counsel on the transaction.

Jefferies is acting as the exclusive financial advisor to Stakeholder in connection with this transaction. Stakeholder's legal advisors are Willkie Farr & Gallagher and Clifford Chance.

About Targa Resources Corp.

Targa Resources Corp. is a leading provider of midstream services and is one of the largest independent infrastructure companies in North America. The Company owns, operates, acquires and develops a diversified portfolio of complementary domestic infrastructure assets, and its operations are critical to the efficient, safe and reliable delivery of energy across the United States and increasingly to the world. The Company's assets connect natural gas and NGLs to domestic and international markets with growing demand for cleaner fuels and feedstocks.

Targa is a FORTUNE 500 company and is included in the S&P 500.

For more information, please visit the Company's website at www.targaresources.com.

Non-GAAP Financial Measures

This press release includes adjusted free cash flow, which is a non-GAAP financial measure.

The Company defines adjusted EBITDA as Net income (loss) attributable to Targa Resources Corp. before interest, income taxes, depreciation and amortization, and other items that the Company believes should be adjusted consistent with the Company's core operating performance. The Company defines adjusted cash flow from operations as adjusted EBITDA less cash interest expense on debt obligations and cash tax (expense) benefit. The Company defines adjusted free cash flow as adjusted cash flow from operations less maintenance capital expenditures and growth capital expenditures, net of any reimbursements of project costs and contributions from noncontrolling interests, and including contributions to investments in unconsolidated affiliates. Adjusted free cash flow is a performance measure 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.

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, including statements regarding our projected financial performance, capital spending, and payment of future dividends. 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, actions taken by other countries with significant hydrocarbon production, 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 timing and success of our completion of capital projects and business development efforts, the completion of the acquisition of Stakeholder, which may not be completed on a timely basis or at all, expected benefits relating to the acquisition of Stakeholder and their impact on the Company's results of operations, the expected growth of volumes on our systems, the impact of significant public health crises, commodity price volatility due to ongoing or new global conflicts, the impact of disruptions in the bank and capital markets, changes in laws and regulations, particularly with regard to taxes, tariffs and international trade, 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.

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