



# Fourth Quarter and Full Year 2024 Earnings Supplement

February 20, 2025 | TARGA RESOURCES CORP.



# 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 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 by the Organization of the Petroleum Exporting Countries (“OPEC”) and non-OPEC oil producing countries, 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 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, including those resulting from lack of access to liquidity for banking and financial services firms, and other uncertainties.

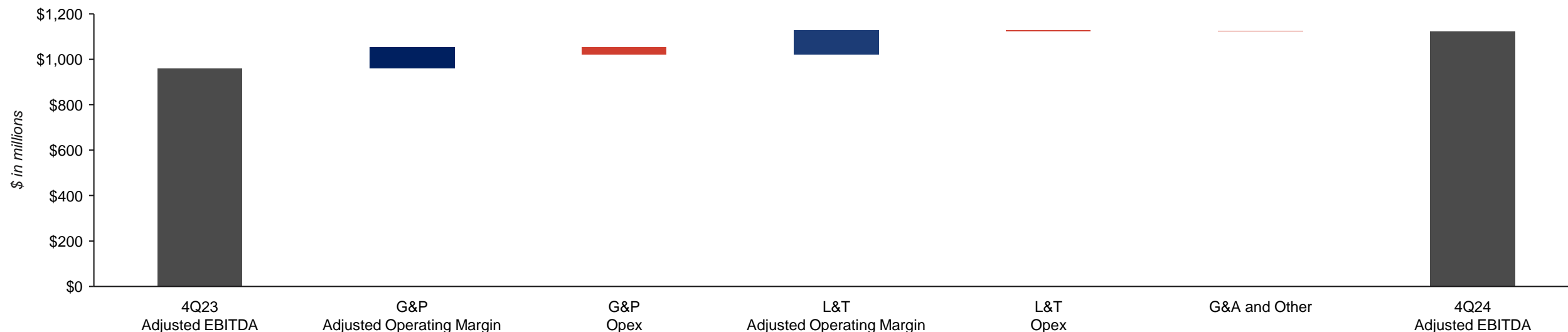
These and other applicable uncertainties, factors and risks are described more fully in the Company’s filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K, and any subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. The 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.

We use any of the following to comply with our disclosure obligations under Regulation FD: press releases, SEC filings, public conference calls, or our website. We routinely post important information on our website at [www.targaresources.com](http://www.targaresources.com), including information that may be deemed to be material. We encourage investors and others interested in the company to monitor these distribution channels for material disclosures.



# Financial Performance – 4Q 2024 vs. 4Q 2023

17% increase in Adjusted EBITDA



## G&P segment operating margin increased \$63 million<sup>(1)</sup>

- + Higher Permian inlet volumes
- + Higher fees in the Permian
- + Higher NGL prices
- Lower natural gas and condensate prices
- Higher operating expenses associated with higher volumes and multiple new Permian plants in service

## L&T segment operating margin increased \$102 million

- + Higher NGL pipeline transportation and fractionation volumes
- + Higher marketing margin
- Higher operating expenses associated with higher volumes, taxes, compensation and benefits and new assets in-service

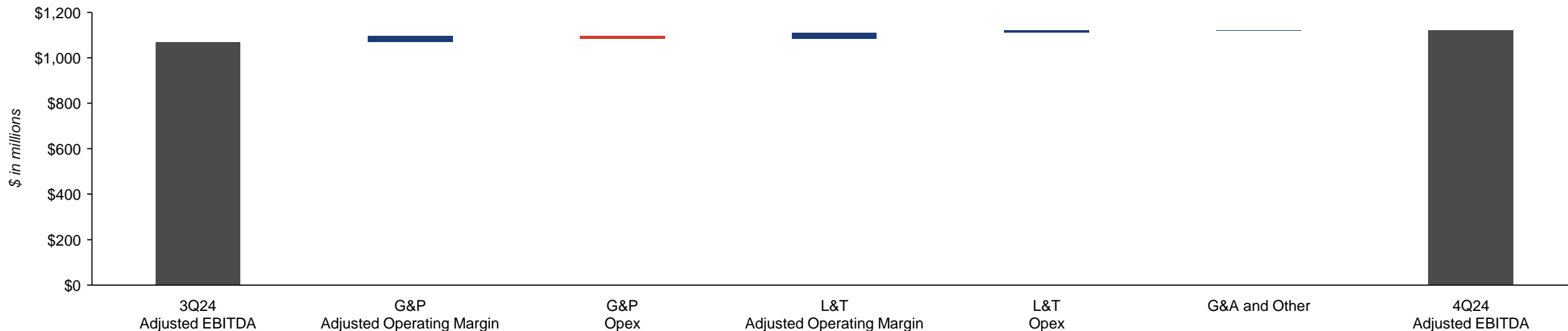
Note: Adjusted EBITDA is a non-GAAP measure. Please see the section of this presentation entitled "Non-GAAP Financial Measures" for a discussion of adjusted EBITDA and a reconciliation of such measure to its most directly comparable GAAP financial measure.

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



# Financial Performance – 4Q 2024 vs. 3Q 2024

5% increase in Adjusted EBITDA



## G&P segment operating margin increased \$15 million<sup>(1)</sup>

- + Higher Permian inlet volumes
- + Higher natural gas and NGL prices
- Higher operating expenses associated with new Permian projects in service

## L&T segment operating margin increased \$37 million

- + Higher NGL pipeline transportation and fractionation volumes
- + Higher LPG export volumes and fees
- + Lower operating expenses associated with lower repairs and maintenance, compensation and benefits, and taxes
- Lower marketing margin

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<sup>(1)</sup> Inclusive of realized hedge gain/(loss).



# Operational Performance – Gathering & Processing Segment

## 4Q24 Highlights

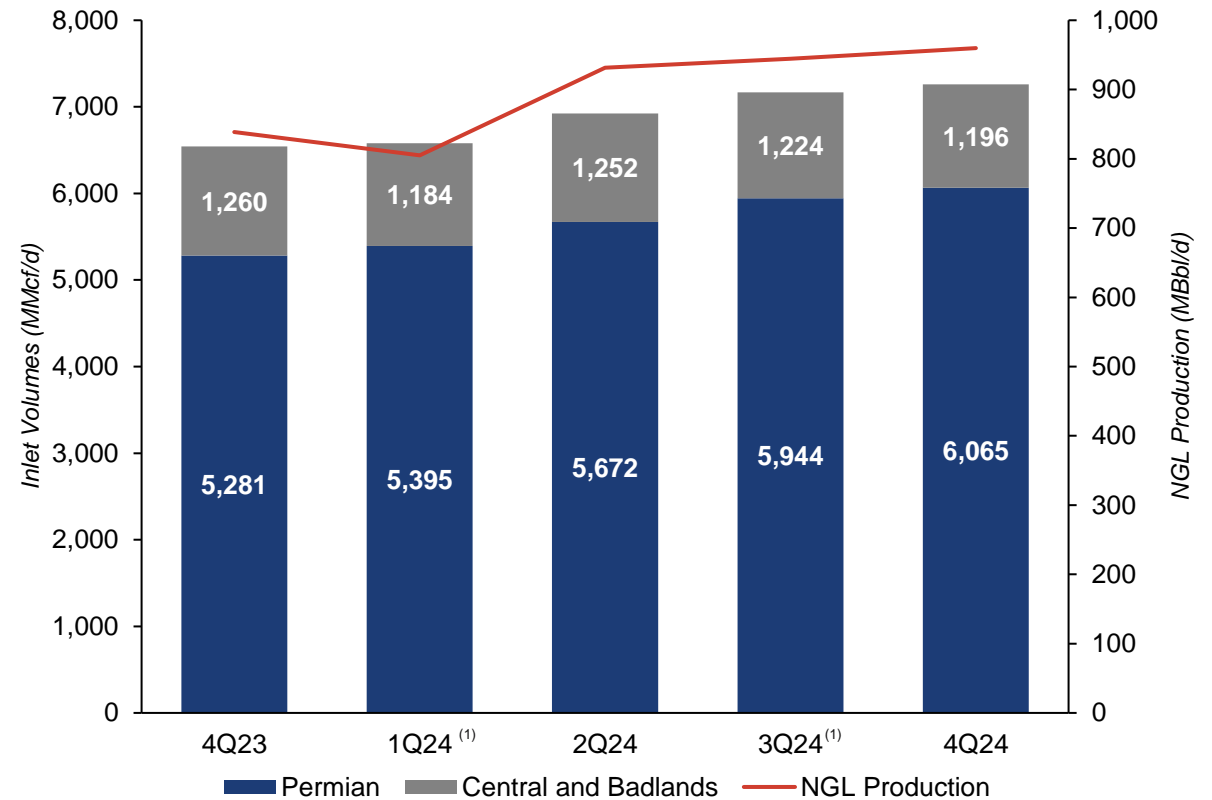
### Field G&P Natural Gas Inlet Volumes

- Record Targa volumes in the Permian Basin attributable to continued strong activity levels



Greenwood complex in Permian Midland

### Field G&P Natural Gas Inlet Volumes and NGL Production



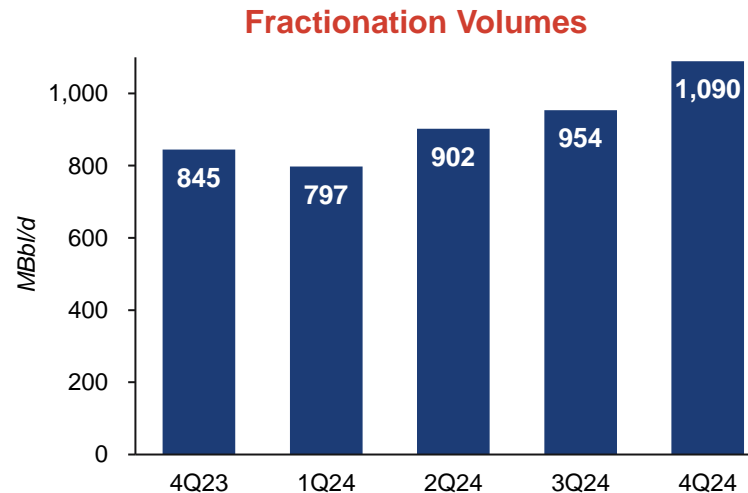
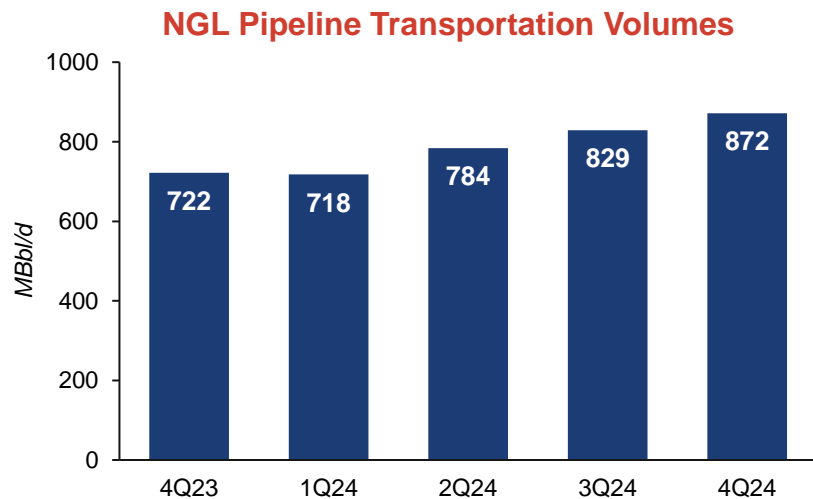
<sup>(1)</sup> NGL production in 1Q24 reduced due to ethane rejection at certain facilities; 3Q24 Permian inlet volumes revised to reflect corrected undivided interest.

# Operational Performance – Logistics & Transportation Segment

## 4Q24 Highlights

### NGL Pipeline Transportation, Fractionation, and LPG Export Services

- Record NGL pipeline transportation and fractionation volumes driven by higher supply primarily from Targa’s Permian G&P systems
  - Targa benefited from the in-service of its Daytona NGL Pipeline and its new 120 MBbl/d Train 10 fractionator in Mont Belvieu, TX
- Record LPG export volumes

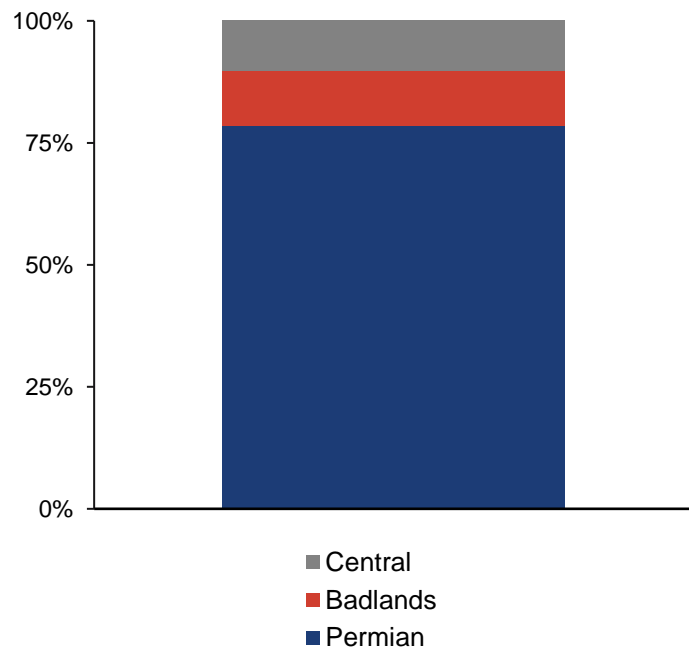


<sup>(1)</sup> Volumes were impacted by a required 10-year inspection that reduced our loading capabilities in the second half of June through late July.

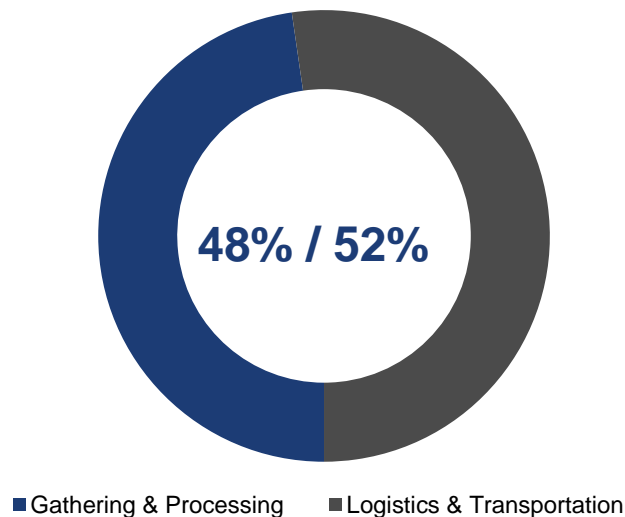


# Business Mix – 4Q 2024

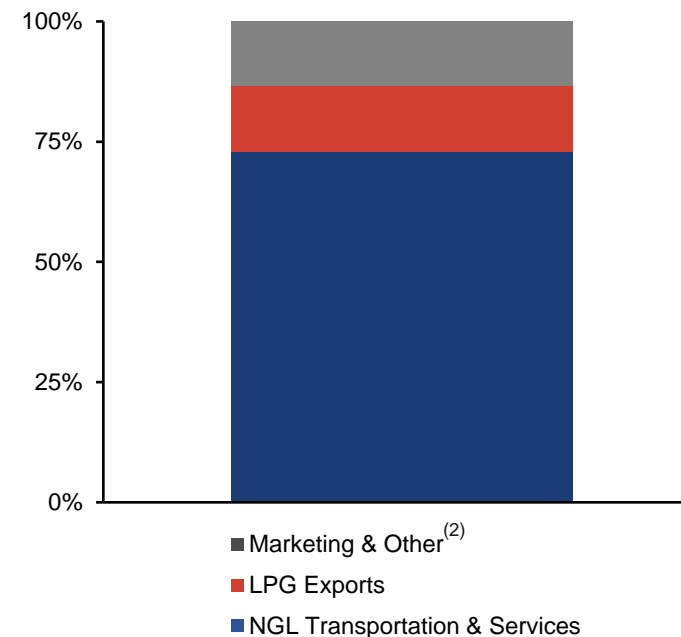
## Field Gathering & Processing Operating Margin<sup>(1)</sup>



## Business Mix – Segment Operating Margin



## Logistics & Transportation Operating Margin



<sup>(1)</sup> Fully consolidated operating margin; includes 100% interest in Badlands and excludes Coastal.

<sup>(2)</sup> Marketing & Other includes Domestic NGL Marketing, Wholesale Propane, Refinery Services, Commercial Transportation, and Gas Marketing.



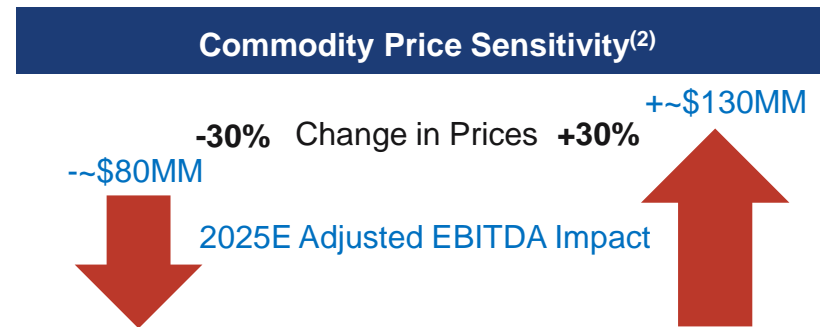
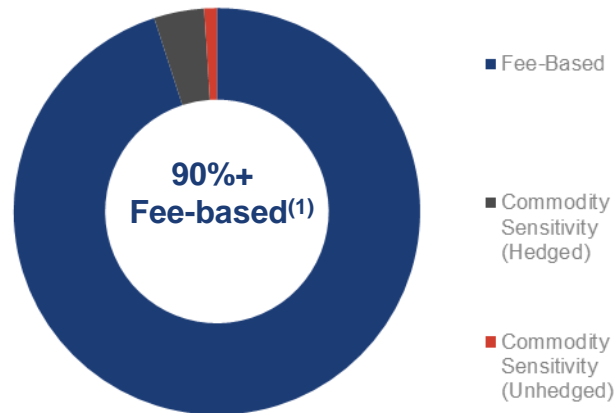
# 2025 Outlook

Increasing system volumes drive strong projected growth in Adjusted EBITDA

2025 Outlook	
Adjusted EBITDA	\$4,650 - \$4,850 million
Net Growth Capex	\$2,600 - \$2,800 million
Net Maintenance Capex	\$250 million

## Key Adjusted EBITDA Growth Drivers:

- ✓ Continued Permian volume growth
- ✓ NGL transport volumes increasing YoY
- ✓ Fractionation volumes increasing YoY
- ✓ Export volumes increasing YoY
- ✓ Full year contributions from system expansions completed in 2024 and in-service of 2025 projects
- ✓ Badlands refinancing



Note: Adjusted EBITDA is a non-GAAP measure. Please see the section of this presentation entitled "Non-GAAP Financial Measures" for a discussion of adjusted EBITDA and a reconciliation of such measures to its most directly comparable GAAP financial measure.

(1) Based on 2025E adjusted operating margin.

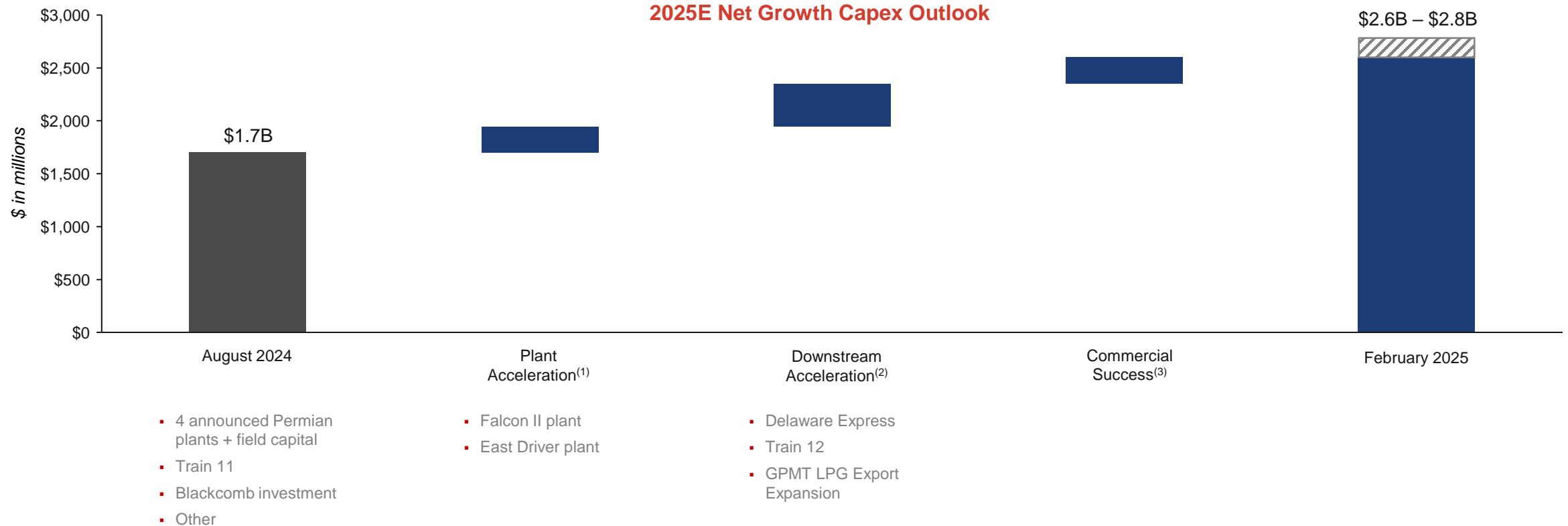
(2) Assumes 2025E commodity prices average Waha natural gas \$1.55/Mmbtu, NGLs \$0.65/gallon, and WTI crude oil \$70.00/barrel. Commodity price sensitivity for 2025E inclusive of a number of factors, including unhedged exposure, fee floor arrangements and any associated fee floor hedges, NGL barrel composition and recovery economics. Price sensitivity only; assumes no volume or other operational changes.





# Integrated Growth Opportunities

Volume growth and commercial wins accelerating capital on Permian G&P and downstream opportunities



(1) Announced in November 2024.

(2) Announced in February 2025.

(3) Executed in 2024 with capital spend largely in 2025 and beyond.





# Appendix and Reconciliations

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# Non-GAAP Financial Measures

This presentation includes the Company's non-GAAP financial measures: adjusted EBITDA and adjusted operating margin. The following tables provide reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures.

The Company utilizes non-GAAP measures to analyze the Company's performance. Adjusted EBITDA and adjusted operating margin (segment) are non-GAAP measures. The GAAP measures most directly comparable to these non-GAAP measures are income (loss) from operations, Net income (loss) attributable to Targa Resources Corp. and segment operating margin. These non-GAAP measures should not be considered as an alternative to GAAP measures 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 income and segment operating margin, 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

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 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.

## Adjusted Cash Flow from Operations and Adjusted Free Cash Flow

The Company defines adjusted cash flow from operations as adjusted EBITDA less cash interest expense on debt obligations and cash taxes. The Company defines adjusted free cash flow as adjusted cash flow from operations less maintenance capital expenditures (net of any reimbursements of project costs) and growth capital expenditures (net of contributions from noncontrolling interest and including contributions to investments in unconsolidated affiliates). Adjusted cash flow from operations and adjusted 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.

## Adjusted Operating Margin

The Company defines adjusted operating margin for our segments as revenues less product purchases and fuel. It is impacted by volumes and commodity prices as well as by our contract mix and commodity hedging program.

Gathering and Processing adjusted operating margin consists primarily of:

- Service fees related to natural gas and crude oil gathering, treating and processing; and revenues from the sale of natural gas, condensate, crude oil and NGLs less producer settlements, fuel and transport and the Company's equity volume hedge settlements.

Logistics and Transportation adjusted operating margin consists primarily of:

- Service fees (including the pass-through of energy costs included in fee rates); system product gains and losses; and NGL and natural gas sales, less NGL and natural gas purchases, fuel, third-party transportation costs and the net inventory change.
- Adjusted operating margin for the Company's segments provides useful information to investors because it is used as a supplemental financial measure by management and by external users of our financial statements, including investors and commercial banks, to assess:
  - The financial performance of the Company's assets without regard to financing methods, capital structure or historical cost basis; the Company's operating performance and return on capital as compared to other companies in the midstream energy sector, without regard to financing or capital structure; and the viability of capital expenditure projects and acquisitions and the overall rates of return on alternative investment opportunities.



# Non-GAAP Measures Reconciliation

	Three Months Ended,		
	December 31, 2024	September 30, 2024	December 31, 2023
	(in millions)		
<b>Reconciliation of Net income (loss) attributable to Targa Resources Corp. to Adjusted EBITDA</b>			
Net income (loss) attributable to Targa Resources Corp.	\$ 351.0	\$ 387.4	\$ 299.6
Interest (income) expense, net	177.7	184.9	178.0
Income tax expense (benefit)	110.5	97.0	102.5
Depreciation and amortization expense	378.5	355.4	341.4
(Gain) loss on sale or disposition of assets	(0.4)	(1.0)	(1.3)
Write-down of assets	2.2	2.7	0.8
(Gain) loss from financing activities	—	—	2.1
Equity (earnings) loss	(1.5)	(2.2)	(2.8)
Distributions from unconsolidated affiliates	8.7	4.4	4.5
Compensation on equity grants	15.8	17.7	16.7
Risk management activities	78.2	17.7	18.8
Noncontrolling interests adjustments <sup>(1)</sup>	1.5	1.6	(0.4)
Litigation Expense <sup>(2)</sup>	—	4.1	—
<b>Adjusted EBITDA</b>	<b>\$ 1,122.2</b>	<b>\$ 1,069.7</b>	<b>\$ 959.9</b>

(1) Represents adjustments related to the Company's subsidiaries with noncontrolling interests, including depreciation and amortization expense as well as earnings for certain plants within Targa's WestTX joint venture not subject to noncontrolling interest.

(2) Includes charges related to litigation resulting from the major winter storm in February 2021.



# Non-GAAP Measures Reconciliation

	Three Months Ended,		
	December 31, 2024	September 30, 2024	December 31, 2023
	(in millions)		
<b><i>Gathering and Processing Segment</i></b>			
Operating margin	\$ 598.9	\$ 584.3	\$ 536.3
Operating expenses	217.5	203.7	185.7
Adjusted operating margin	<b>\$ 816.4</b>	<b>\$ 788.0</b>	<b>\$ 722.0</b>
<b><i>Logistics and Transportation Segment</i></b>			
Operating margin	\$ 656.2	\$ 619.2	\$ 554.2
Operating expenses	88.7	98.1	84.4
Adjusted operating margin	<b>\$ 744.9</b>	<b>\$ 717.3</b>	<b>\$ 638.6</b>



# Non-GAAP Measures Reconciliation

	<b>Full Year 2025E</b>
	(in millions)
<b>Reconciliation of Estimated Net Income attributable to Targa Resources Corp. to Estimated Adjusted EBITDA</b>	
Net income attributable to Targa Resources Corp.	\$ 1,765.0
Interest expense, net	875.0
Income tax expense	510.0
Depreciation and amortization expense	1,535.0
Equity earnings	(20.0)
Distributions from unconsolidated affiliates	25.0
Compensation on equity grants	65.0
Noncontrolling interests adjustments <sup>(1)</sup>	(5.0)
<b>Estimated Adjusted EBITDA</b>	<b>\$ 4,750.0</b>

<sup>(1)</sup> Represents adjustments related to the Company's subsidiaries with noncontrolling interests, including depreciation and amortization expense as well as earnings for certain plants within Targa's WestTX joint venture not subject to noncontrolling interest.





Targa is a leading provider of midstream services and is one of the largest independent infrastructure companies in North America. Our operations are critical to the efficient, safe, and reliable delivery of energy across the United States and increasingly to the world. Our assets connect natural gas and natural gas liquids (NGLs) to domestic and international markets with growing demand for cleaner fuels and feedstocks.

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