Targa Resources Corp.

Fourth Quarter 2019 Earnings & 2020 Guidance Supplement

February 20, 2020

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, 2019 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.

2019 Execution Highlights

Operational

Strong operational and financial performance

- Permian G&P full-year average inlet volumes increased ~32% over 2018
- Total Field G&P full-year average inlet volumes increased ~15% over 2018
- Mont Belvieu full-year average fractionation volumes increased ~22% over 2018
- Galena Park full-year average LPG export volumes increased ~17% over 2018
- Record full-year Adjusted EBITDA of $1.435 billion, ~11% increase over 2018

Commercial & Projects

Solid commercial and project execution

- Placed into service ~$4 billion of gross capital projects
- Added 950 MMcf/d of incremental natural gas processing capacity
- Commenced operations on Grand Prix NGL Pipeline
- Commenced operations on Train 6 fractionator in Mont Belvieu
- Completed projects to enhance flexibility and increase LPG export capacity at Galena Park facilities

Financial & Other

Successful execution of financing plan

- Issued an aggregate $2.5 billion of senior notes due 2027, 2029 and 2030
- Executed on ~$1.7 billion of asset sales; no equity issued in 2019

Published inaugural Sustainability Report

Strategic Outlook

- **Focus on Operating our Business and Assets More Efficiently**
  - Continue to focus on safety and improvement across all Targa business functions
  - Optimize across individual assets and our integrated business from G&P through Downstream
- **Continue to Invest in our Business – Right-Size Future Organic Investments**
  - Scrutiny on new capital projects focused on aligning capital spend with cash flow from operations going forward
  - Enhanced internal processes focused on organizational alignment on capital allocation, strategic priorities, contracting and cash flow generation
- **Benefit from Improving Cash Flow Profile from Recently Completed Growth Projects**
  - Increasing EBITDA, strengthening financial metrics and more moderate capital expenditures
  - Moving towards free cash flow
- **Maintain or Accelerate Trajectory of Stronger Balance Sheet and Increasing Fee-Based Cash Flows**
  - Targa balance sheet improving; continue to evaluate and execute asset sales to accelerate leverage reduction and focus on core operations
  - Integrated midstream platform strengthens the durability of and increases Targa's fee-based earnings and cash flow profile

G&P → NGL Transportation → Fractionation → LPG Exports

Operational Performance – G&P Segment

4Q19 Highlights:

Field G&P Natural Gas Inlet

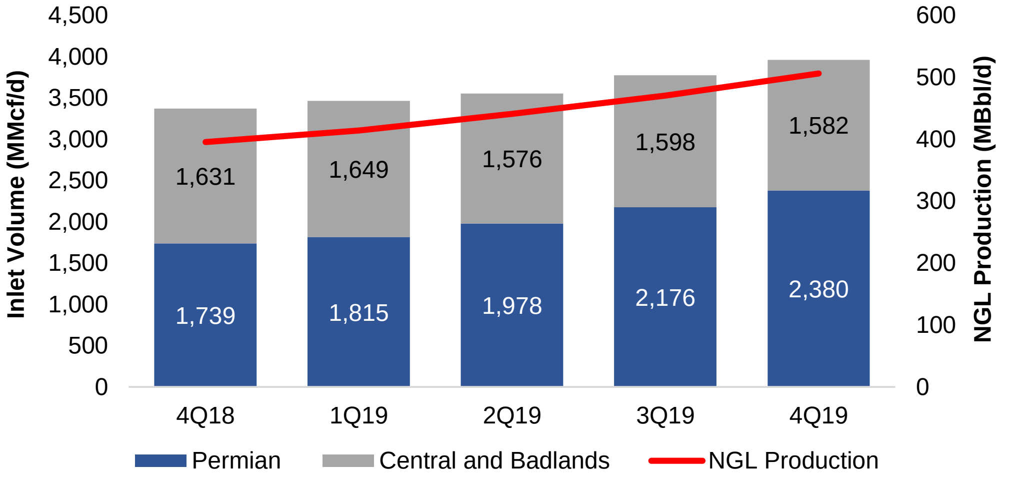
- ~9% sequential increase in Permian volumes
  - ~18% sequential increase in Permian-Delaware
  - ~6% sequential increase in Permian-Midland
- ~29% sequential increase in Badlands volumes

FY 2019 Highlights:

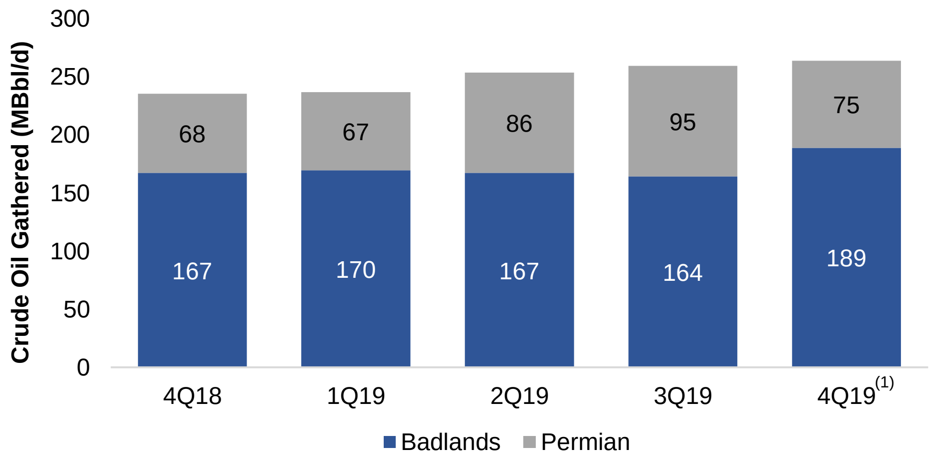
Field G&P Natural Gas Inlet

- ~32% year-over-year increase in full-year average Permian volumes
- ~15% year-over-year increase in full-year average Total Field G&P volumes

Field G&P Natural Gas Inlet Volumes and NGL Production



Crude Oil Gathered Volumes



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

Operational Performance – Downstream Segment

4Q19 Highlights:

NGL Transportation

- Targa's Grand Prix NGL Pipeline throughput deliveries into Mont Belvieu averaged 266 MBbl/d, during its first full quarter of operations

Fractionation

- Targa's Mont Belvieu fractionation complex remained highly utilized during Q4, following a completed turnaround and related maintenance during Q3

LPG Exports

- ~12% sequential increase in Targa's LPG export volumes. Targa completed enhancements at its Galena Park facilities which increased its flexibility and loading capabilities

FY 2019 Highlights:

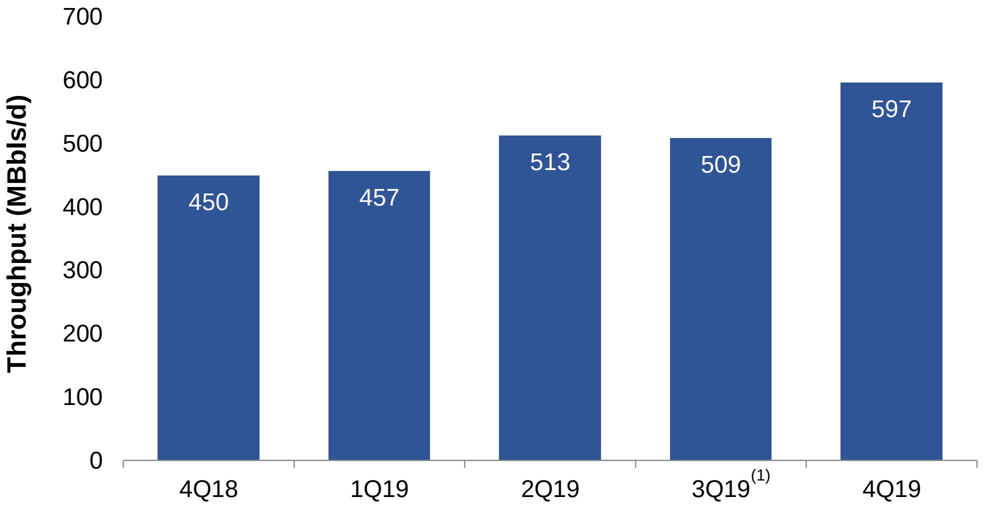
Fractionation

- ~22% year-over-year increase in full-year average fractionation volumes

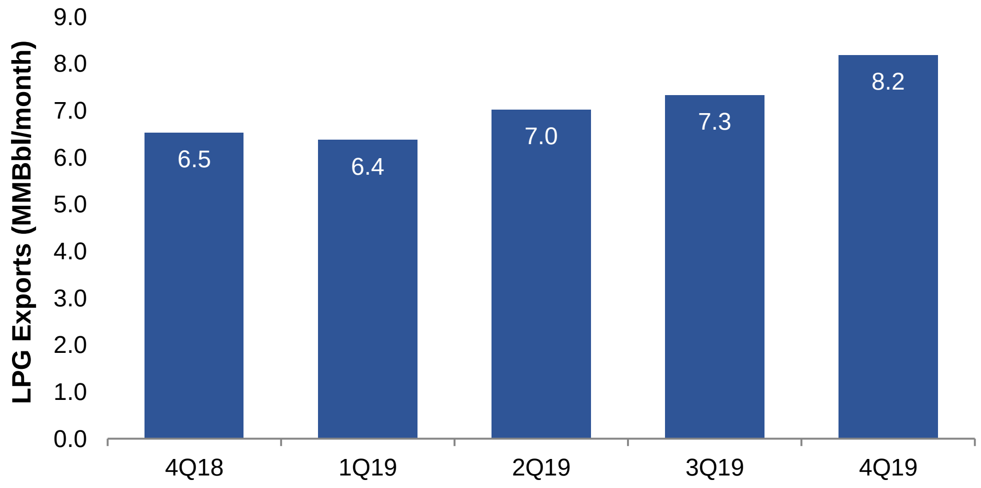
LPG Exports

- ~17% year-over-year increase in full-year average LPG export volumes

Targa Fractionation Volumes



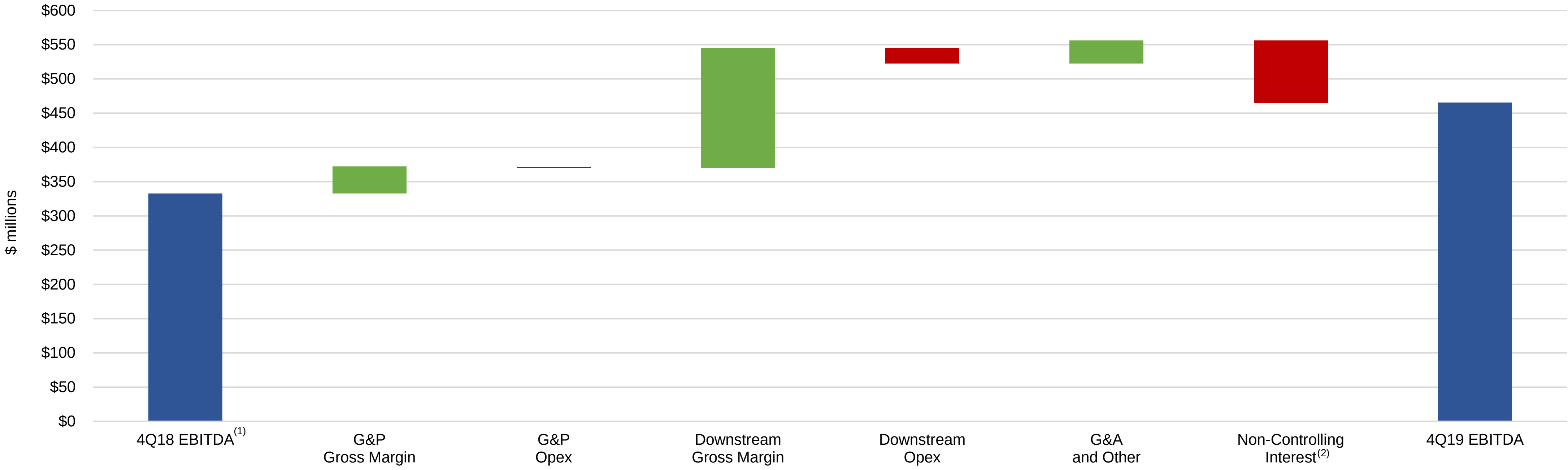
Galena Park LPG Export Volumes



(1) 3Q19 fractionation volumes were impacted by ~50 MBbl/d due to scheduled turnaround and maintenance

Financial Performance – 4Q 2019 vs. 4Q 2018

Adjusted EBITDA Bridge



Segment Operating Margin

Gathering & Processing segment operating margin increased $34.7[3] million

- \+ Higher Permian volumes
- \+ Higher Badlands volumes
- − Lower realized NGL and natural gas prices[3]
- − Lower Central volumes
- − Higher operating expenses due to new Permian plants

Downstream segment operating margin increased $151.3 million

- \+ Higher NGL transportation and fractionation volumes
- \+ Higher LPG export volumes
- \+ Higher Marketing and lower G&A and Other
- − Higher operating expenses primarily associated with assets in-service

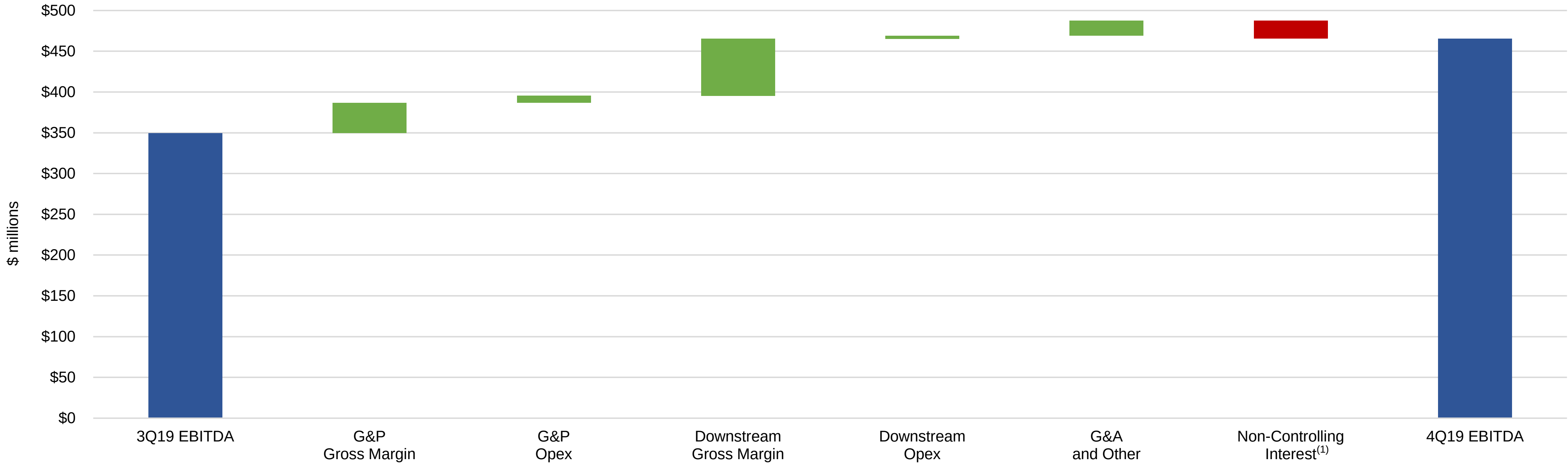
(1) Beginning in the second quarter of 2019, we revised our reconciliation of Net Income (Loss) attributable to TRC to Adjusted EBITDA to exclude the Splitter Agreement adjustment previously included in the comparative periods presented herein. The effect of these revisions reduced TRC's Adjusted EBITDA by $43.0 million for the three months ended December 31, 2018. There was no impact to Distributable Cash Flow

(2) Primarily attributable to the sale of the 45% interest in Badlands, which closed April 2019

(3) Inclusive of realized hedge gain/l(oss)

Financial Performance – 4Q 2019 vs. 3Q 2019

Adjusted EBITDA Bridge



Segment Operating Margin

Gathering & Processing segment operating margin increased $43.2[(2)] million

- \+ Higher Permian volumes
- \+ Higher Badlands volumes
- \+ Higher realized NGL, natural gas and condensate prices[(2)]
- − Lower Central volumes

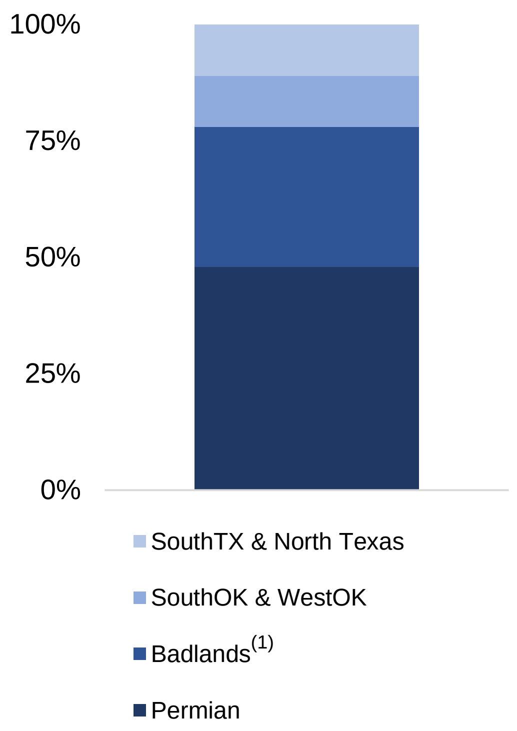
Downstream segment operating margin increased $73.1 million

- \+ Higher NGL transportation and fractionation volumes
- \+ Higher LPG export volumes
- \+ Higher Marketing and Other

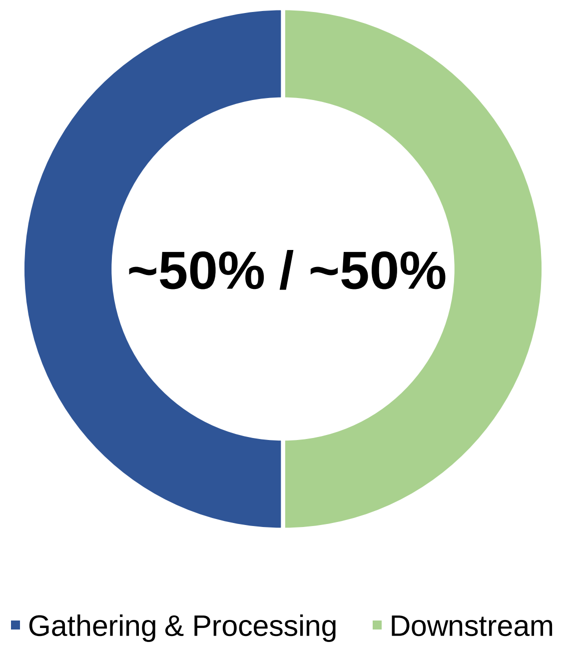
(1) Primarily attributable to full quarter operations of Grand Prix
(2) Inclusive of realized hedge gain/(loss)

Business Mix – 4Q 2019

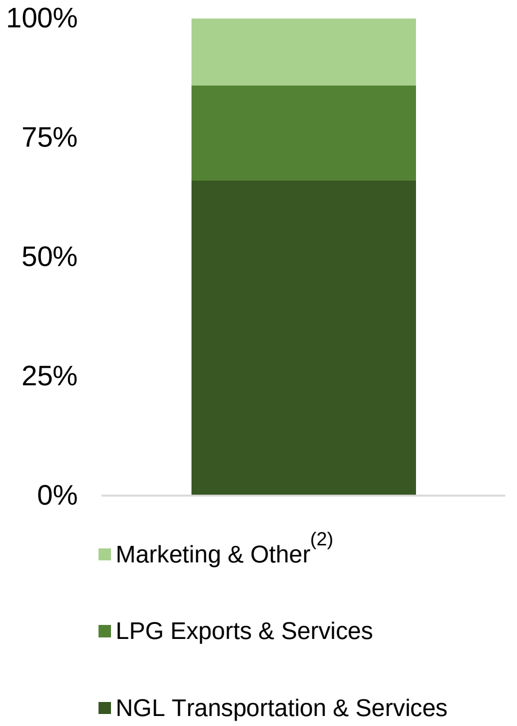
Field Gathering & Processing Operating Margin 4Q 2019



Business Mix – Segment Operating Margin



Downstream Operating Margin 4Q 2019



Business mix has shifted more towards the Downstream segment due 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 and Operational Outlook

2020 Financial and Operational Estimates

Financial Estimates FY 2020E *($ in millions, unless otherwise noted)*	
Adjusted EBITDA	**$1,625 - $1,750**
Fee-Based Margin	**~80%**
Segment Operating Margin Mix (G&P/Downstream)	**~50% / ~50%**

Capital Expenditure Estimates FY 2020E *($ in millions, unless otherwise noted)*	
Net Growth Capital Expenditures	**$1,200 - $1,300**
Gathering & Processing [(1)]	*~$700*
Logistics & Transportation ("Downstream")	*~$550*
Net Maintenance Capital Expenditures	**$150**

Operational Estimates FY 2020E	
Permian G&P Natural Gas Inlet Volumes (MMcf/d)	**+20% YoY increase**
Total Field G&P Natural Gas Inlet Volumes (MMcf/d)	**+10% YoY increase** [(2)]
Grand Prix Average Deliveries into Mont Belvieu (MBbl/d)	**275 - 300 MBbl/d**

Commodity Price Assumptions FY 2020E	
Weighted Average NGL ($/gallon)	**$0.45**
Henry Hub Natural Gas ($/MMBtu)	**$2.00**
Waha Natural Gas ($/MMBtu)	**$0.50**
WTI Crude Oil ($/barrel)	**$52.00**

+18%[(3)] increase in YoY Adjusted EBITDA driven by full year contribution from projects online in 2019 and contribution from 2020 projects

2019 Project Contributions

- +750 MMcf/d incremental Permian processing capacity
- +200 MMcf/d incremental Badlands processing capacity
- Grand Prix NGL Pipeline
- 100 MBbl/d Train 6 fractionator in Mont Belvieu
- LPG export expansion – Phase I

2020 Project Contributions

- +500 MMcf/d incremental Permian processing capacity
- +220 MBbl/d incremental fractionation capacity in Mont Belvieu
- LPG export expansion – Phase II

45% reduction in YoY net growth capex

YoY increase in Permian G&P supply aggregation to drive YoY increase and strong asset utilization across integrated Downstream assets: Grand Prix, fractionation and LPG exports[(4)]

(1) Greater than 80% of total G&P net growth capex for 2020E focused on the Permian Basin
(2) Estimate full year average 2020 over 2019 full year average increase in Permian and Badlands volumes, partially offset by lower average year over year Central region volumes
(3) Estimated increase based on the midpoint of 2020E Adjusted EBITDA estimate range relative to actual 2019 actual Adjusted EBITDA
(4) Estimate increase in 2020 full year average fractionation and LPG export volumes over full year average 2019 volumes

2020 Net Growth Capex Estimate

Capital Expenditure Estimates FY 2020E *($ in millions, unless otherwise noted)*	
Net Growth Capital Expenditures	**$1,200 - $1,300**
Gathering & Processing [(1)]	*~$700*
Logistics & Transportation ("Downstream")	*~$550*
Net Maintenance Capital Expenditures	**$150**

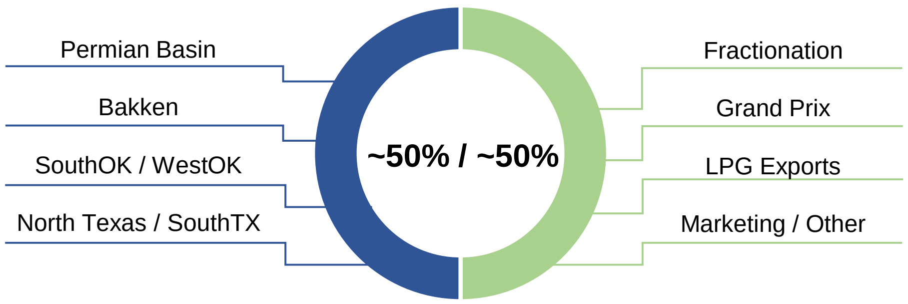
	2020E				
Major Project Expected In-Service Timeline	**Q1**	**Q2**	**Q3**	**Q4**	**2021E**
Gathering & Processing					
Permian Delaware					
Peregrine Plant - 250 MMcf/d		✓			
Permian Midland					
Gateway Plant - 250 MMcf/d				✓	
Logistics & Transportation					
Fractionaction Train 7 - 110 MBbl/d	✓	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

(1) Greater than 80% of total G&P net growth capex for 2020E focused on Permian Basin
(2) Expected to be complete by Q1 2021

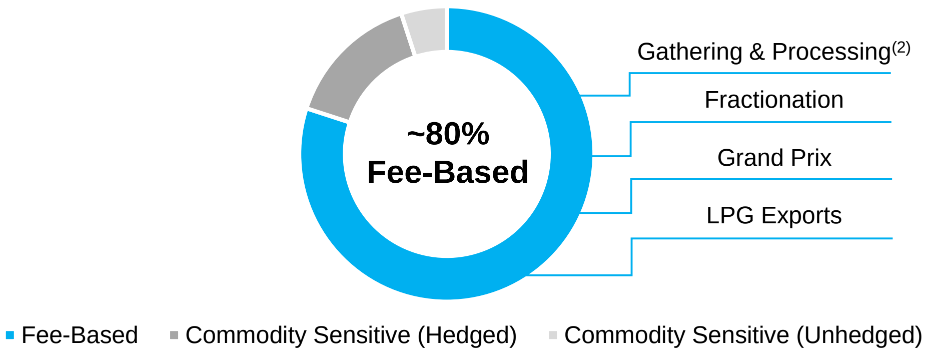
2020 Business Mix and Hedging Program

Business Mix and Fee-Based Profile[1]

Business Mix 2020E



Fee-Based Profile 2020E



Increasing Fee-Based Trajectory & Hedging Program Further Strengthens Cash Flow Stability

- **Migration of business mix towards Downstream driven by Targa's integrated midstream platform, recently completed growth projects and expansions underway**
  - Grand Prix Pipeline volume ramp
  - Fractionation expansions underway
  - LPG export expansion underway
- **G&P segment growth is predominantly fee-based**
  - Delaware Basin processing expansions underway
  - Badlands processing growth
- **Enhanced focus in increasingly adding fee-based margin across G&P (i.e. fee-floor and fee-based contracts)**

Field G&P Hedging Update								Commodity Price Sensitivity		
2020				2021						
Commodity	Volumes Hedged(3)	Exposure Hedged (%)(4)	Wtd. Avg. Hedge Price(5)	Commodity	Volumes Hedged(3)	Exposure Hedged (%)(4)	Wtd. Avg. Hedge Price(5)			2020E Adj. EBITDA Impact
Natural Gas (MMBtu/d)	163,842	~80%	$1.71	Natural Gas (MMBtu/d)	163,751	~80%	$1.75	Natural Gas	+/- $0.25/MMBtu	+/- ~$4 million
NGLs (Bbl/d)	25,346	~60%	$0.57	NGLs (Bbl/d)	14,151	~35%	$0.55	NGLs	+/- $0.05/gallon	+/- ~$20 million
Condensate (Bbl/d)	5,144	~75%	$57.78	Condensate (Bbl/d)	3,654	~55%	$55.33	Condensate	+/- $5.00/Bbl	+/- ~$3 million

(1) Business mix and fee-based profile based on 2020E 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) Includes hedges executed through February 6, 2020
(4) Based on 2020E average daily equity volumes
(5) Weighted average hedge prices assumes put prices for collars

Appendix

Non-GAAP Reconciliations - Estimated 2020 Adjusted EBITDA[1]

The following table presents a reconciliation of estimated Adjusted EBITDA for the periods shown for TRC:

Reconciliation of estimated net income attributable to TRC to estimated Adjusted EBITDA		**Full Year 2020E**
		(In millions)
Net income attributable to TRC	$	203.0
Income attributable to TRP preferred limited partners		11.0
Interest expense, net		420.0
Income tax expense (benefit)		44.0
Depreciation and amortization expense		1,030.0
Equity (earnings) loss		(70.0)
Distributions from unconsolidated affiliates and preferred partner interests, net		100.0
Compensation on equity grants		70.0
Risk management activities and other[2]		(60.0)
Noncontrolling interest adjustment[3]		(60.0)
TRC Estimated Adjusted EBITDA		**1,688.0**

(1) Estimated Adjusted EBITDA outlook based on 2020 Operational and Financial estimates
(2) Unrealized change in mark-to-market (gain)/loss associated with hedging activities
(3) Noncontrolling interest portion of depreciation and amortization expense

TARGA

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