Targa Resources Corp.

First Quarter 2021 Earnings Supplement
May 6, 2021


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 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.

Increasing FY2021 Financial Estimates

2021 Adjusted EBITDA is now estimated to be 13% higher than 2020

Financial Metrics	Original Guidance	Revised Outlook	Change
Adjusted EBITDA	$1,675 - $1,775 million	**$1,800 - $1,900 million**	+7% (midpoint)
Net Growth Capex	$350 - $450 million	**$350 - $450 million**	Unchanged
Net Maintenance Capex	$130 million	**$130 million**	Unchanged
Year-End Consolidated Leverage	~4.25x	**~4.00x**	Improved 0.25x
Fee-Based Margin	~85%	**~85%**	Unchanged
Segment Operating Margin Mix (G&P/L&T)	~45% / ~55%	**~45% / ~55%**	Unchanged

Operational Metrics (unchanged)	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)	$0.60
HH Nat Gas ($/MMBtu)	$2.75
Waha Nat Gas ($/MMBtu)	$2.65
WTI Crude Oil ($/Bbl)	$60.00

Strategic Outlook

Transformative growth program complete providing meaningful cash flow growth and improved returns

Diverse & Vertically Integrated Asset Platform	▪ Targa's operations connect natural gas and NGLs to markets with increasing demand for cleaner fuels and feedstocks ▪ Premier G&P footprint in the Permian Basin with significant access to growing NGL supply ▪ Grand Prix NGL Pipeline connects Permian supply to key demand markets, including the U.S. petrochemical hub and Targa's LPG export position
Increasing Financial Flexibility	▪ Increasing Adjusted EBITDA and free cash flow (FCF) outlook ▪ Prioritizing FCF towards debt reduction and corporate simplification ▪ Targeting long-term consolidated leverage ratio of 3.0x – 4.0x; achieving investment grade ratings a priority
Positioned for Long-Term Success	▪ Significant operating leverage from ~$6.5B of new assets ▪ Increasing fee-based earnings across the business ▪ Focused on long-term business sustainability and ESG ▪ Single C-Corp public security with excellent alignment with common shareholders

1. Committed to safety, reliability and environmental stewardship
2. Reduce leverage over time
3. Simplify capital structure over time
4. Invest in high-return projects that leverage integrated system

Operational Performance – Gathering & Processing Segment

1Q21 Highlights:

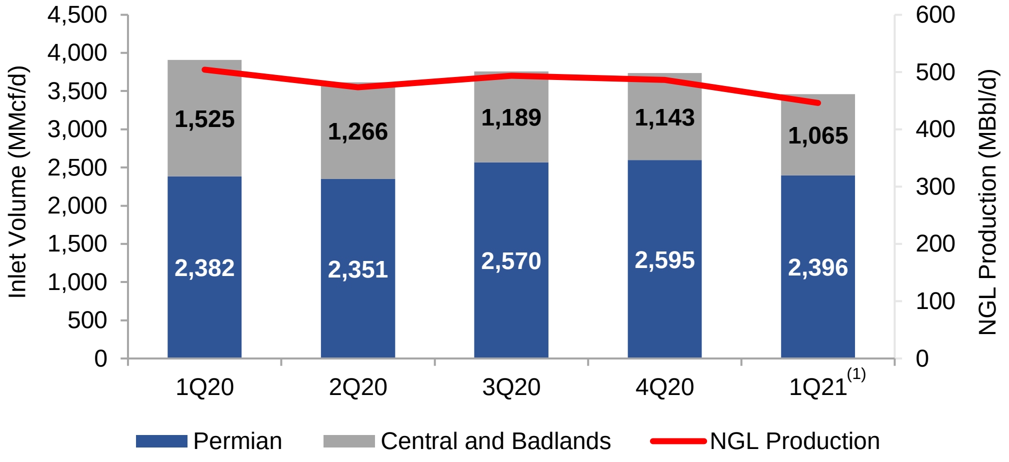
Field G&P Natural Gas Inlet Volumes

- Lower Q1 volumes due to the short-term operational disruption and impacts associated with the major winter storm across Targa's Permian and Central regions
- System volumes returned to pre-storm levels later in the first quarter

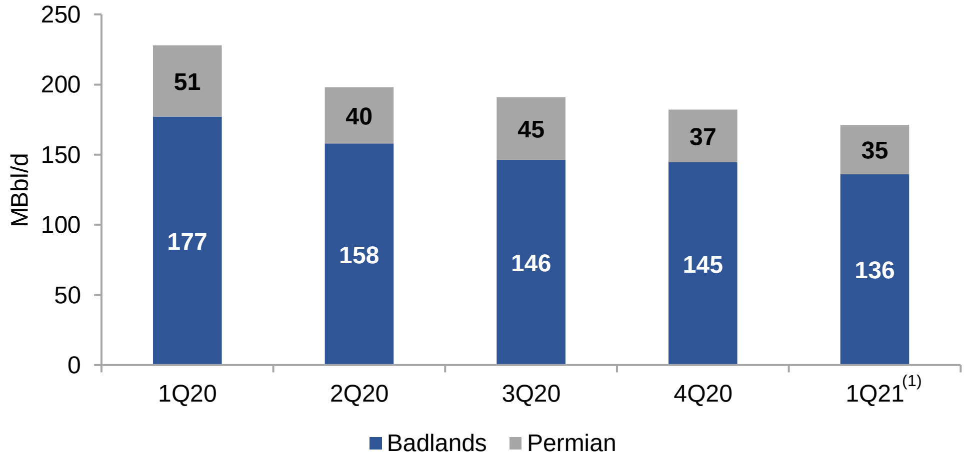
Crude Oil Volumes

- Badlands volumes -6% sequentially due to reduced producer activity
- Permian volumes -7% sequentially due to the impacts of the winter storm

Field G&P Natural Gas Inlet Volumes and NGL Production



Crude Oil Volumes



(1) 1Q21 volumes were impacted by the winter storm in February 2021

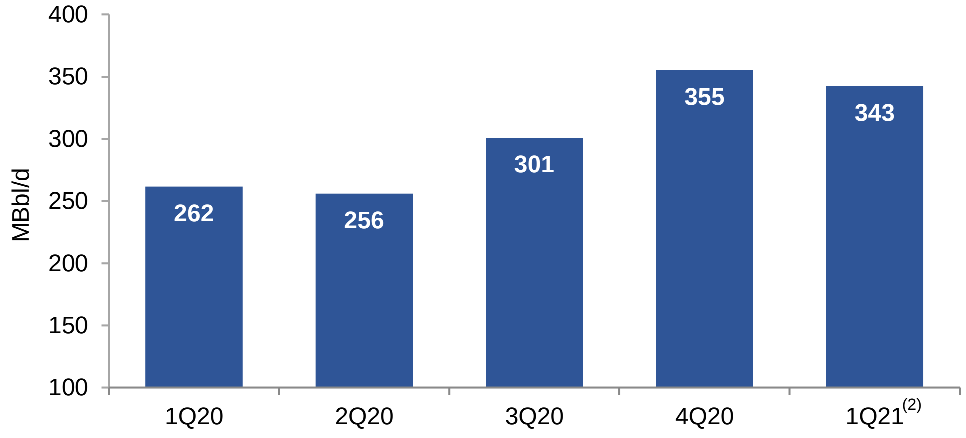
Operational Performance – Logistics & Transportation Segment

1Q21 Highlights:

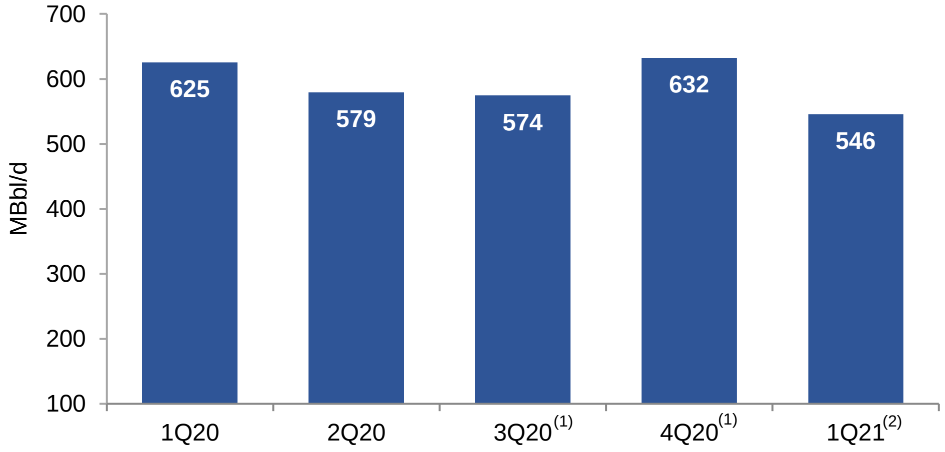
NGL Transportation & Fractionation and LPG Export Services

- The short-term operational disruption and impacts associated with the major winter storm that affected NGL supply regions reduced Targa's Downstream system volumes during the first quarter
- System volumes returned to pre-storm levels by the end of the first quarter

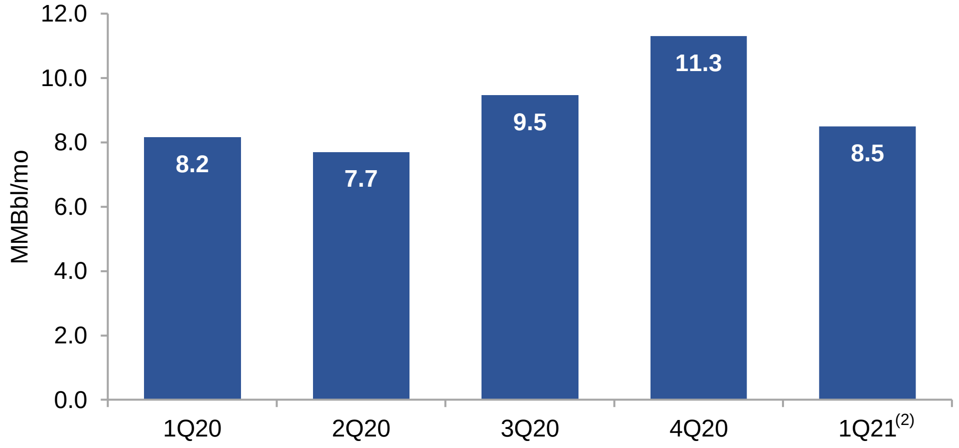
Grand Prix NGL Pipeline Volumes



Fractionation Volumes



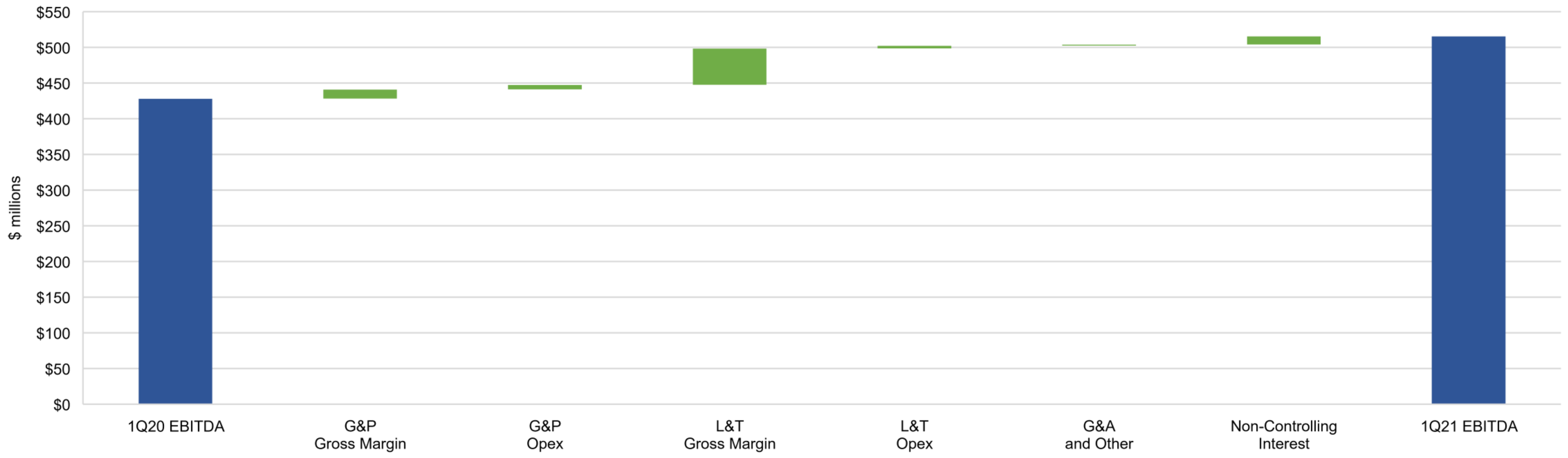
Galena Park LPG Export Volumes



(1) 3Q20 fractionation volumes were impacted by scheduled turnaround and maintenance with some volumes shifting to 4Q20
(2) 1Q21 volumes were impacted by the winter storm in February 2021

Financial Performance – 1Q 2021 vs. 1Q 2020

Adjusted EBITDA Bridge



Segment Operating Margin

Gathering & Processing segment operating margin increased $19.4[1] million

+ Higher realized commodity prices and higher Permian fee-based margin
+ Aggregate benefit from the winter storm
+ Lower operating expenses from continued focus on reducing costs despite several new assets in service over the past year
– Higher Permian volumes partially offset by winter storm impact; lower Central volumes due to continued low producer activity levels and the short-term impacts of the winter storm; lower Badlands volumes due to reduced producer activity

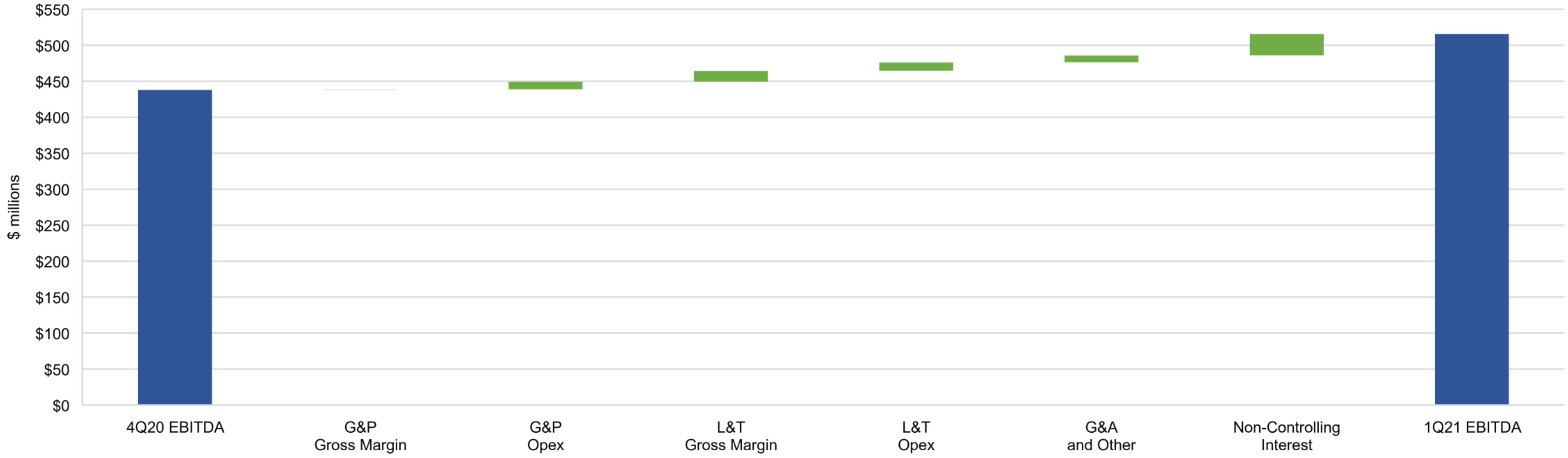
Logistics & Transportation segment operating margin increased $54.7 million

+ Higher Marketing and Other due to increased optimization margin realized in marketing businesses
+ Higher Grand Prix volumes partially offset by the short-term impacts of the winter storm
+ Lower operating expenses from continued focus on reducing costs despite system expansions online throughout 2020
– System volumes impacted by the winter storm

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

Financial Performance – 1Q 2021 vs. 4Q 2020

Adjusted EBITDA Bridge



Segment Operating Margin

Gathering & Processing segment operating margin increased $11.2(1) million

+ Lower operating expenses
+ Higher realized commodity prices and higher Permian fee-based margin
− Lower Permian volumes due to the short-term effects of the winter storm; lower Central volumes due to the short-term effects of the winter storm and reduced producer activity levels; and lower volumes in the Badlands due to reduced producer activity

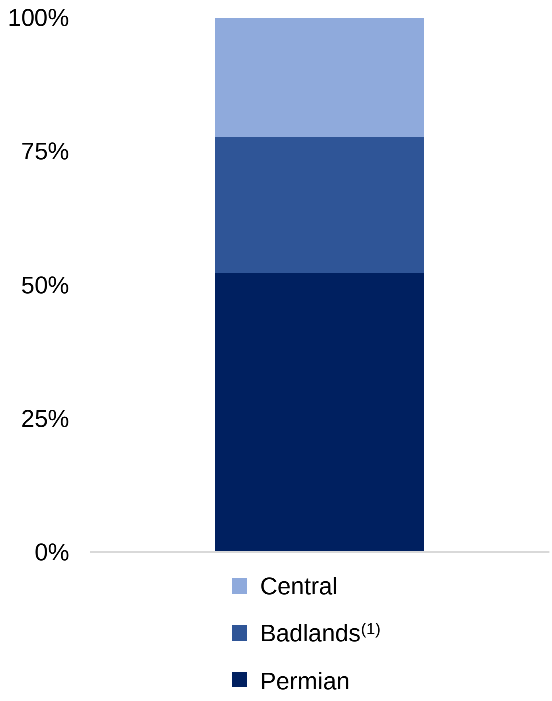
Logistics & Transportation segment operating margin increased $26.7 million

+ Higher Marketing and Other due to increased optimization margin realized in marketing businesses
+ Lower operating expenses due certain one-time maintenance expenses incurred in 4Q20
− Lower LPG export, fractionation and pipeline volumes due to the short-term operational disruption associated with the winter storm

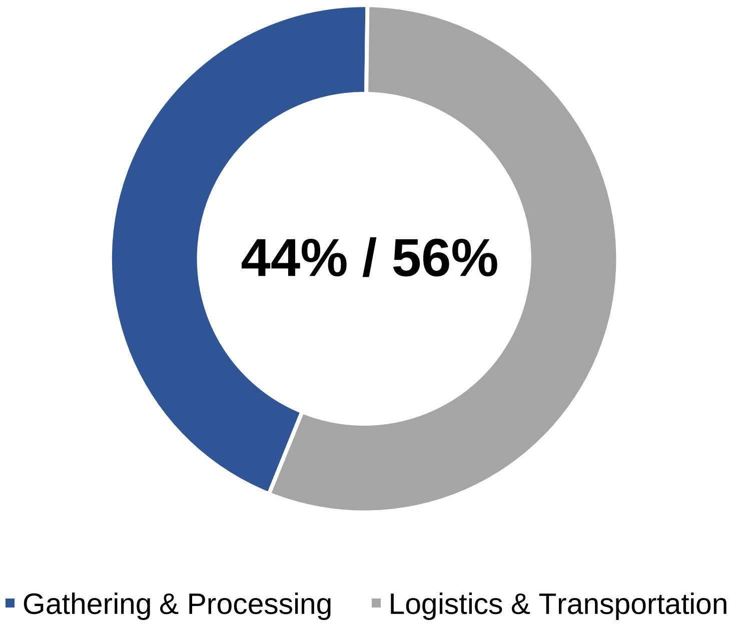
(1) *Inclusive of realized hedge gain/(loss)*

Business Mix – 1Q 2021

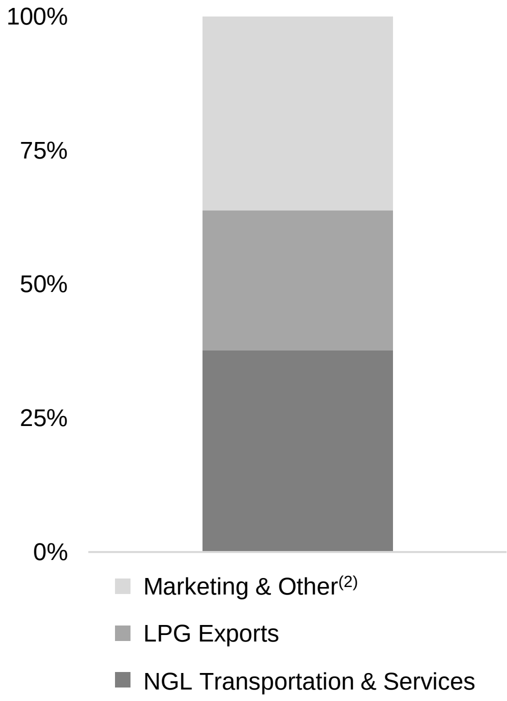
Field Gathering & Processing Operating Margin 1Q 2021



Business Mix – Segment Operating Margin



Logistics & Transportation Operating Margin 1Q 2021



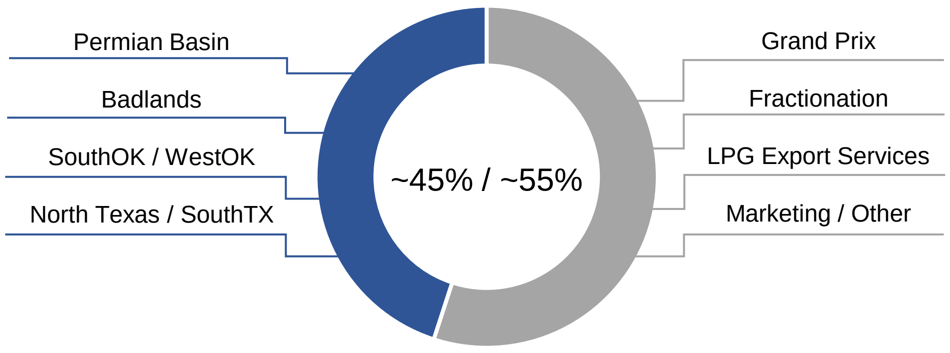
Business mix has shifted more towards the Logistics & Transportation segment due to Grand Prix and to recently completed growth projects, which are backed predominantly by fee-based contracts

(1) *Fully consolidated operating margin*
(2) *Marketing & Other includes Domestic NGL Marketing (Wholesale Propane, Refinery Services, Commercial Transportation) & Gas Marketing*

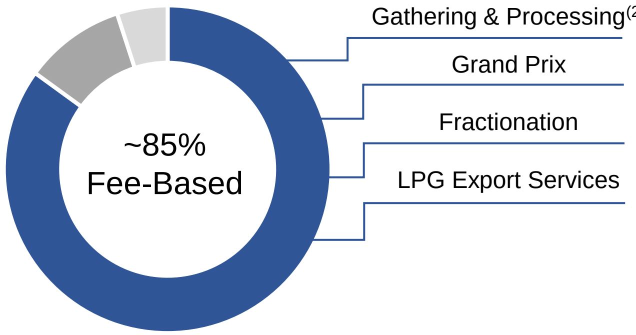
2021 Business Mix & Risk Management

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

Business Mix 2021E(1)



Fee-Based Profile 2021E(1)



Hedging Program Further Strengthens Cash Flow Stability

2021 Hedges

Commodity	Volumes Hedged(3)	Exposure Hedged (%)(3)	Wtd. Avg. Hedge Price(4)
Natural Gas (MMBtu/d)	167,093	~90%	$1.77
NGLs(5) (Bbl/d)	29,500	~70%	$0.46
Condensate (Bbl/d)	5,480	~90%	$52.67

2022 Hedges

Commodity	Volumes Hedged(3)	Exposure Hedged (%)(3)	Wtd. Avg. Hedge Price(4)
Natural Gas (MMBtu/d)	100,856	~55%	$1.72
NGLs(5) (Bbl/d)	23,468	~55%	$0.42
Condensate (Bbl/d)	3,585	~60%	$49.12

Commodity Price Sensitivity(6)

Commodity	Price Sensitivity	2021E Adj EBITDA Impact
Natural Gas ($/MMBtu)	+/- $0.25	+/- $0 to $5 million
NGLs ($/Gal)	+/- $0.05	+/- $15 to $25 million
Condensate ($/Bbl)	+/- $5.00	+/- $1 to $3 million

(1) 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) Includes hedges executed through March 31, 2021, and based on estimated average daily equity volumes for 2021
(4) Weighted average hedge prices assume put prices for collars
(5) Targa's composite NGL barrel comprises 43% ethane, 32% propane,12% normal butane, 4% isobutane and 9% natural gasoline
(6) Overall commodity price sensitivity inclusive of a number of factors, including fee floor arrangements, NGL barrel composition and recovery economics

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.

Segment Operating Margin Comparative Results

G&P ($MM)	1Q20	2Q20	3Q20	4Q20
Gross Margin	$367.8	$336.5	$363.1	$380.0
Operating Expenses	112.1	99.3	102.1	116.1
Operating Margin	$255.7	$237.2	$261.0	$263.9

L&T ($MM)	1Q20	2Q20	3Q20	4Q20
Gross Margin	$363.6	$297.1	$342.1	$399.2
Operating Expenses	69.6	65.6	61.7	77.2
Operating Margin	$294.0	$231.5	$280.4	$322.0

- Beginning in the first quarter of 2021, Targa is reporting certain fuel and power costs previously included in Operating Expenses in Product Purchases and Fuel to better reflect the direct relationship of these costs to Targa's revenue-generating activities and align with Targa's evaluation of the performance of the business. Prior periods as presented above have been updated to reflect this change.

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	$	435.0
Interest expense, net		375.0
Income tax expense		90.0
Depreciation and amortization expense		870.0
Equity earnings		(60.0)
Distributions from unconsolidated affiliates and preferred partner interests, net		115.0
Compensation on equity grants		60.0
Risk management activities and other		15.0
Noncontrolling interests adjustments[(1)]		(50.0)
TRC Estimated Adjusted EBITDA	**$**	**1,850.0**

(1) Noncontrolling interest portion of depreciation and amortization expense

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.

TARGA

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