

# **Targa Resources Corp.**

**Investor Presentation**

**June 2019**

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**TARGA**

# Forward Looking Statements

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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, 2018 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.

# Premier Energy Infrastructure Company



Diverse Asset Platform Connects Low Cost Natural Gas and NGL Supply Growth to Key Demand Markets

**Substantial natural gas gathering & processing in top-tier basins**

*~10.5 Bcf/d gross processing capacity and growing<sup>(1)</sup>*

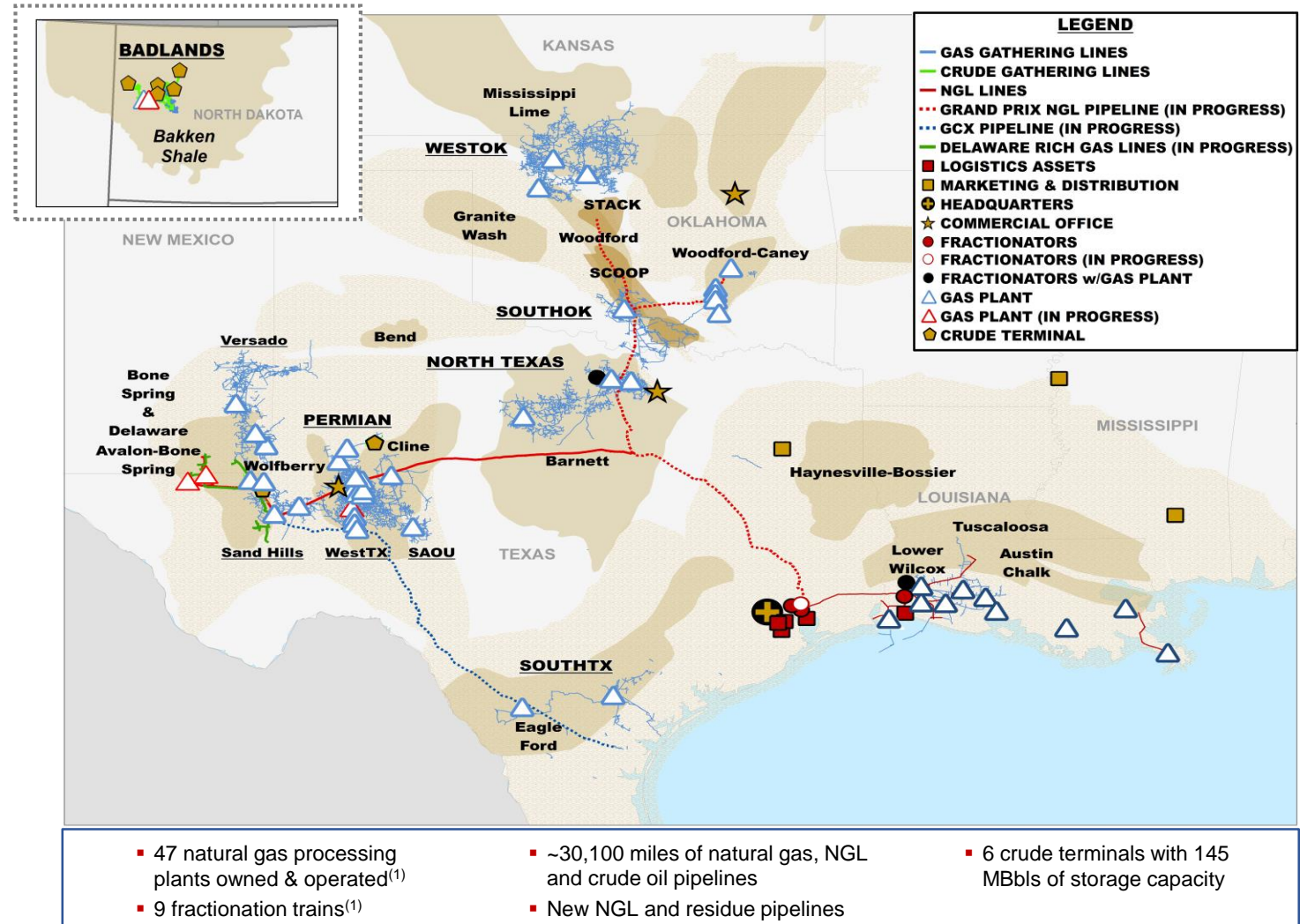
**Premier NGL fractionation footprint at Mont Belvieu**

*~938 MBbl/d gross fractionation capacity and growing<sup>(2)</sup>*

**Grand Prix NGL Pipeline connects G&P volumes to Mont Belvieu frac and export assets**

**Superior connectivity to US petrochemical complex and top-tier LPG export facility<sup>(3)</sup>**

*7.0 MMBbl/month capacity LPG export terminal*



(1) Includes plants and frac trains publicly announced and in process

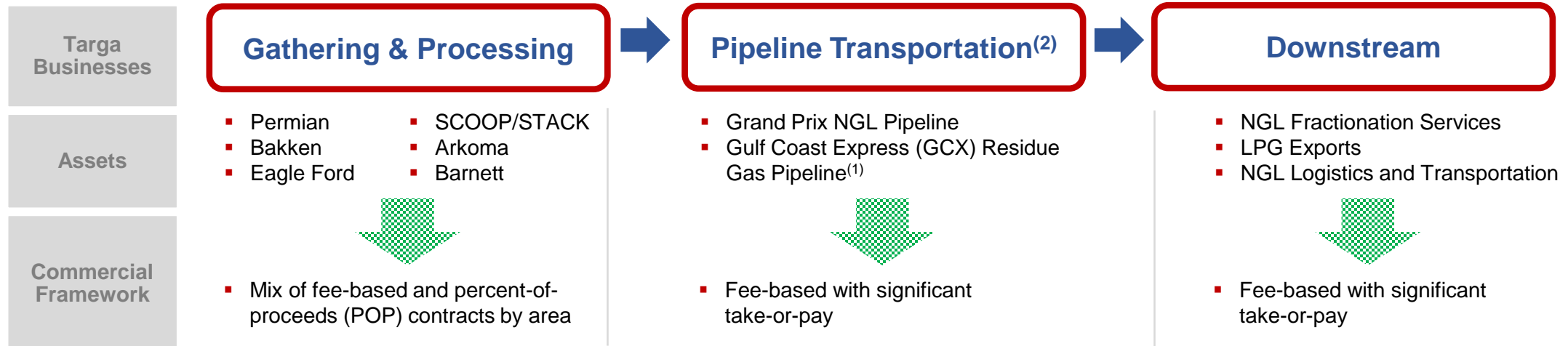
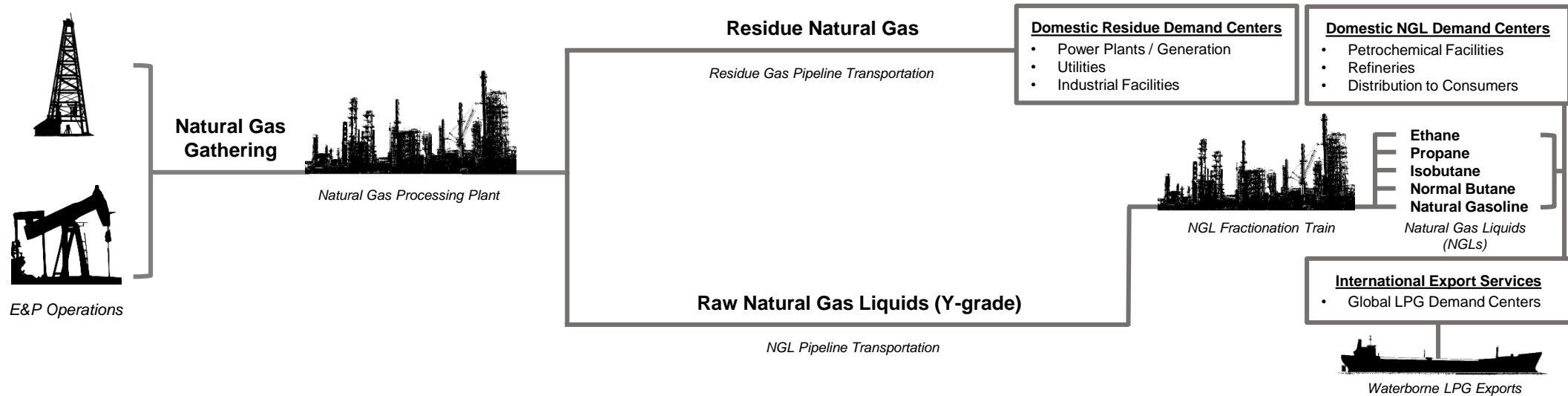
(2) Includes both 110 MBbl/d Trains 7 and 8 expansions underway in Mont Belvieu

(3) Directly linked to Mont Belvieu, the US NGL hub, which handles the majority of US NGLs; expansion underway to increase capacity to 11 to 15 million barrels per month in Q3 2020

# Targa Business Overview



## Portfolio of Integrated Assets Across Natural Gas and Natural Gas Liquids Value Chain





# A Core Energy Infrastructure Holding

Premier Asset Position	Visible Growth	Financial Discipline	Positioned for Long-Term Success
<ul style="list-style-type: none"><li>▪ Largest G&amp;P position in the Permian Basin with significant access to NGL supply</li><li>▪ Integrated asset platform: top-tier basins; Grand Prix PL to Downstream</li><li>▪ Downstream business connected to US domestic hub and international demand</li></ul>	<ul style="list-style-type: none"><li>▪ Capital investments underway support sustainable fee-based growth outlook</li><li>▪ Transformative growth increases Targa size, scale and enhances business diversity</li><li>▪ Ramping EBITDA significantly increases free cash flow over forecast period</li></ul>	<ul style="list-style-type: none"><li>▪ Strong track-record of financial execution to preserve balance sheet strength</li><li>▪ Joint venture arrangements enhance project returns and support capital efficiency</li><li>▪ Disciplined capital allocation to drive long-term shareholder value</li></ul>	<ul style="list-style-type: none"><li>▪ Asset platform aligns with key energy supply and demand fundamentals</li><li>▪ Investments enhance integration across the value chain and bolster competitive position</li><li>▪ Single C-Corp public security and excellent alignment with common shareholders</li></ul>
<b>~\$9 Billion Market Cap<sup>(1)</sup> ~\$17 Billion Enterprise Value</b>	<b>~75% Fee-Based Operating Margin<sup>(2)</sup></b>		<b>\$3.64/share Annual Dividend</b>

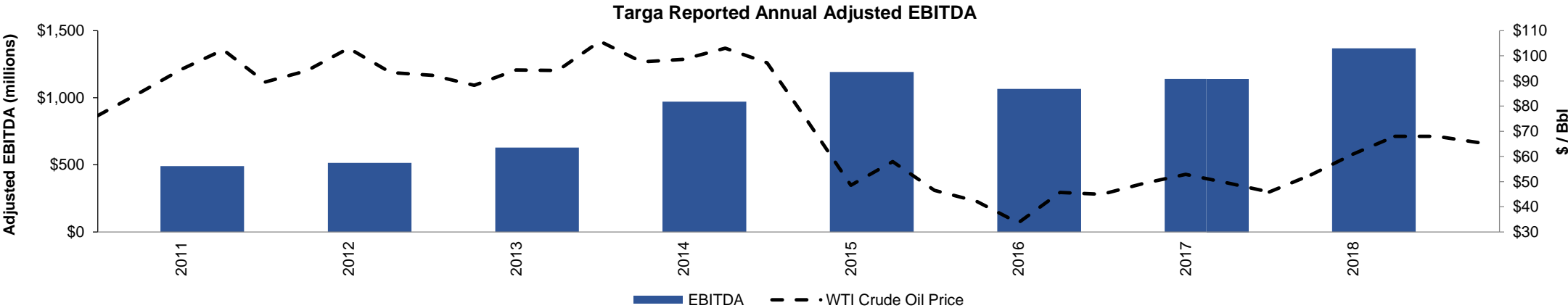
# Business Profile Supports Sustainable Growing EBITDA



## Business Mix and Fee-Based Profile<sup>(1)</sup>



## Targa Business Diversity Provides EBITDA Stability in Any Commodity Price Environment



(1) Business mix and fee-based profile based on 2019E operating margin  
(2) Fee-based margin in Gathering & Processing segment includes Badlands, SouthOK, SouthTX and significant portions of Permian and WestOK

# Strategic Outlook



## Investing in projects that leverage existing Targa infrastructure and further strengthen competitive advantage

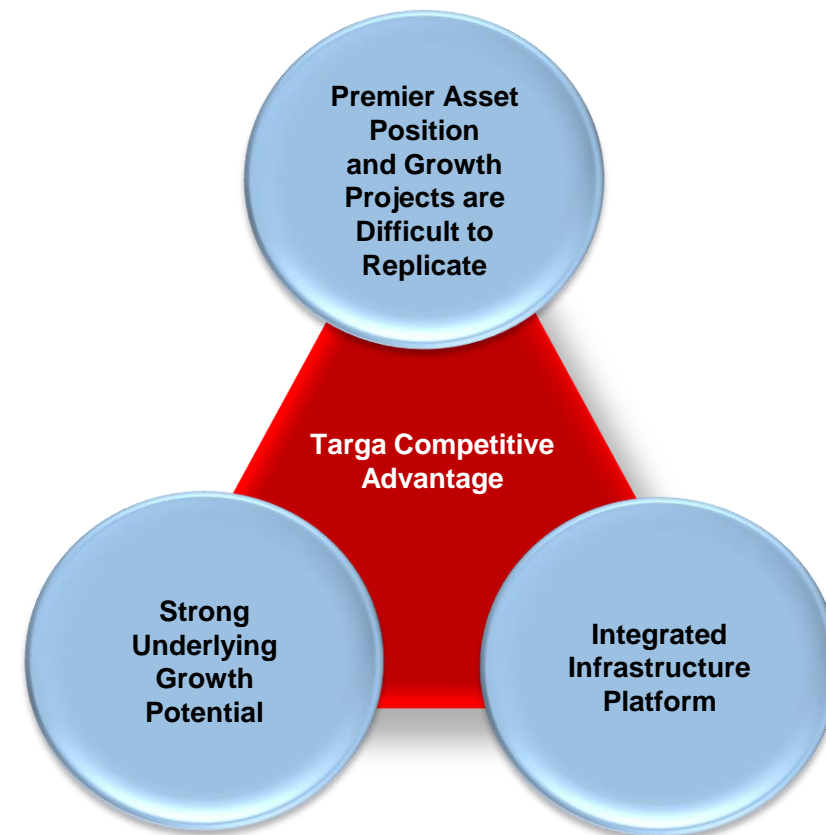
- ~80% of announced growth capital program focused on the Permian Basin<sup>(1)</sup>

## Increasing producer volumes drive the need for additional G&P infrastructure

- Supply aggregation adding over 2.0 Bcf/d of incremental natural gas processing capacity and expanding infrastructure in 2018, 2019 and 2020 across the Permian Basin, SCOOP, STACK, Bakken
- Position across the Midland and Delaware Basins in the Permian expected to drive need for additional future G&P infrastructure

## Downstream benefits from rising G&P production and is also supported by positive long-term demand fundamentals

- Grand Prix NGL Pipeline enhances value chain integration and strengthens ability to direct growing NGL production from Targa plants and third-party customers to Targa's fractionation assets in Mont Belvieu
- Increasing fractionation demand from higher producer volumes and from greater ethane extraction as new petrochemical facilities come online; additional Targa fractionation expansion in Mont Belvieu underway
- Excess propane and butanes from expected NGL production growth will be exported to clear the domestic market







# Infrastructure Investments Focused on the Permian

- An increasing fee-based and operating margin outlook underpinned by attractive organic growth projects underway, with ~80%<sup>(1)</sup> of total project capex focused on the Permian Basin

Permian-Focused Infrastructure Projects	Details	In-Service Date
<b>Midland Basin Processing Expansions</b>	<ul style="list-style-type: none"> <li>▪ 4 new gas plants, combined 900 MMcf/d incremental processing capacity, and related infrastructure</li> <li>▪ Supported by long-term producer acreage dedications</li> </ul>	1Q18 to 3Q19
<b>Delaware Basin Processing Expansions</b>	<ul style="list-style-type: none"> <li>▪ 2 new gas plants, combined 310 MMcf/d incremental processing capacity, and related infrastructure</li> <li>▪ Supported by long-term producer acreage dedications and fee-based contracts</li> </ul>	2Q18
<b>Delaware Basin Processing Expansions and Rich Gas Gathering</b>	<ul style="list-style-type: none"> <li>▪ 2 new gas plants, combined 500 MMcf/d incremental processing capacity, and related infrastructure</li> <li>▪ 220 miles of 12 to 24 inch diameter high pressure rich gas gathering pipelines</li> <li>▪ Supported by long-term fee-based contracts with an investment grade energy company</li> </ul>	2019 to 2Q20
<b>Grand Prix NGL Pipeline</b>	<ul style="list-style-type: none"> <li>▪ Common carrier NGL pipeline from Permian Basin to Mont Belvieu with initial capacity of 300 MBbl/d from Permian, expandable to 550 MBbl/d</li> <li>▪ Supported by Targa plant production and significant long-term third party fee-based transportation &amp; fractionation agreements</li> </ul>	3Q19
<b>Gulf Coast Express (GCX) Pipeline</b>	<ul style="list-style-type: none"> <li>▪ 25% equity interest in 1.98 Bcf/d residue gas pipeline from Permian Basin to Agua Dulce</li> <li>▪ Supported by long-term, firm shipper commitments</li> </ul>	4Q19
<b>Mont Belvieu Fractionation Expansion</b>	<ul style="list-style-type: none"> <li>▪ 3 new NGL fractionators, combined 320 MBbl/d incremental fractionation capacity, and related infrastructure</li> <li>▪ Supported by long-term fee-based agreements</li> </ul>	2Q19 to 3Q20





# Investments in Oklahoma and Bakken

- Infrastructure investments in Oklahoma and Bakken support growing production
- Joint venture and contracting arrangements enhance project returns and support capital efficiency

Oklahoma and Bakken Focused Infrastructure Projects	Details	In-Service Date
<b>Grand Prix Extension into southern Oklahoma</b>	<ul style="list-style-type: none"><li>▪ Supported by significant long-term transportation and fractionation volume dedications and commitments from Targa's existing and future processing plants in the Arkoma area within Targa's SouthOK system</li><li>▪ Supported by significant long-term transportation and fractionation volume commitments from Valiant Midstream</li></ul>	3Q19
<b>Grand Prix Extension into central Oklahoma</b>	<ul style="list-style-type: none"><li>▪ Supported by significant long-term transportation and fractionation volume dedications and commitments from Williams</li><li>▪ Provides expanded NGL infrastructure to open markets between Conway and Mont Belvieu</li><li>▪ Improved market access for both Rockies and DJ Basin NGL production</li></ul>	1Q21
<b>Hickory Hills Plant</b>	<ul style="list-style-type: none"><li>▪ 150 MMcf/d incremental processing capacity, and related infrastructure (relocation of the Flag City Plant)</li><li>▪ Expanded 60/40 processing JV with MPLX in Arkoma area</li><li>▪ Supported by long-term producer acreage dedications and fee-based contracts</li></ul>	Completed in 2018
<b>Little Missouri 4 Plant</b>	<ul style="list-style-type: none"><li>▪ 200 MMcf/d incremental processing capacity, and related infrastructure in the Bakken</li><li>▪ 50/50 processing JV with Hess Midstream Partners</li><li>▪ Supported by long-term producer acreage dedications and fee-based contracts</li></ul>	Early 3Q19



# 2019 Announced Net Growth Capex

## 2019E net growth capex based on announced projects estimated at ~\$2.3 billion

- With the vast majority of announced projects on-track to begin operations in 2019, Targa's 2020E net growth capex is estimated to be significantly lower than 2019E

(\$ in millions)	Location	2019E Net Growth Capex	Expected Completion	Primarily Fee-Based
250 MMcf/d WestTX Hopson Plant and Related Infrastructure	Permian - Midland		Online (Q2 2019)	
250 MMcf/d WestTX Pembroke Plant and Related Infrastructure	Permian - Midland		Early Q3 2019	
Additional Permian Midland Gas and Crude Gathering Infrastructure	Permian - Midland		2019	
<b>Total Permian - Midland</b>	<b>Permian - Midland</b>	<b>\$275</b>		
250 MMcf/d Falcon Plant and Related Infrastructure	Permian - Delaware		Q4 2019	✓
250 MMcf/d Peregrine Plant and Related Infrastructure	Permian - Delaware		Q2 2020	✓
High Pressure Rich Gas Gathering Pipelines	Permian - Delaware		2019	✓
Additional Permian Delaware Gas and Crude Gathering Infrastructure	Permian - Delaware		2019	✓
<b>Total Permian - Delaware</b>	<b>Permian - Delaware</b>	<b>\$540</b>		✓
<b>Grand Total Permian</b>	<b>Permian</b>	<b>\$815</b>		
Central Additional Gas Gathering Infrastructure	Central		2019	
<b>Total Central</b>	<b>Eagle Ford, STACK, SCOOP</b>	<b>\$75</b>		✓
200 MMcf/d Little Missouri 4 Plant and Related infrastructure	Bakken		Early Q3 2019	✓
Additional Bakken Gas and Crude Gathering Infrastructure	Bakken		2019	✓
<b>Total Badlands</b>	<b>Bakken</b>	<b>\$105</b>		✓
<b>Total - Gathering and Processing</b>		<b>\$995</b>		✓
Grand Prix NGL Pipeline	Permian Basin to Mont Belvieu		Q3 2019	✓
Fractionation Train 6 and Other Frac Related Infrastructure <sup>(1)</sup>	Mont Belvieu		Online (Q2 2019)	✓
Fractionation Train 7 and Other Frac Related Infrastructure <sup>(1)</sup>	Mont Belvieu		Q1 2020	✓
Fractionation Train 8 and Other Frac Related Infrastructure <sup>(1)</sup>	Mont Belvieu		Q3 2020	✓
Gulf Coast Express Pipeline	Permian to Agua Dulce		Q4 2019	✓
LPG Export Expansion	Galena Park		Q3 2020	✓
Downstream Other Identified Spending	Mont Belvieu		2019	✓
<b>Total - Downstream</b>		<b>\$1,305</b>		✓
<b>Net Growth Capex - Announced Projects</b>		<b>\$2,300</b>		✓

# Strengthening Financial Profile

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- **2019 estimated equity financing needs substantially met from the closing of the sale of a 45% interest in the Badlands for \$1.6 billion**
- **Line of sight to strengthening dividend coverage and increasing free cash flow**
  - ▶ The vast majority of announced projects are on-track to come online by mid-2019, resulting in EBITDA and cash flow ramp in 2H2019, and providing strong momentum for 2020
- **Continuing to manage the balance sheet prudently over the short- and long-term**
  - ▶ Leverage will increase through the second and third quarters of 2019, but Targa expects to benefit from rapid deleveraging and dividend coverage improvement over time
- **Increasing scrutiny on future new capital projects to continue to right-size our capital spend versus cash flow going forward**
  - ▶ Enhanced approach to control future capex and prioritize future investments around Targa's core strategy

# Key Takeaways



## Integrated & Strategically Located Assets

- Right assets in the right places - premier position in the Permian Basin and G&P volume growth further increases Downstream asset utilization
- Grand Prix NGL Pipeline bolsters integrated infrastructure capabilities and connects growing premier basin supply to premier demand market hub for NGLs

## Visible Growth Outlook

- Producer-driven need for more infrastructure drives capex program and high asset utilization
- Increasing EBITDA and fee-based margin outlook underpinned by attractive organic growth projects underway

## Benefiting from Key Domestic Energy Themes

- Continued strong long-term outlook for Permian Basin growth, complemented by significant size, scale and operating leverage further strengthens Targa's competitiveness
- Strong Downstream connection with Permian and other basins enhanced by demand pull from petrochemical expansions and positive long-term fundamentals for international LPG exports

## Financially Disciplined

- Track-record of multi-faceted financial execution continues to preserve financial flexibility
- Significant incremental EBITDA growth expected through 2021 and beyond strengthens balance sheet outlook and to drive increasing free cash flow



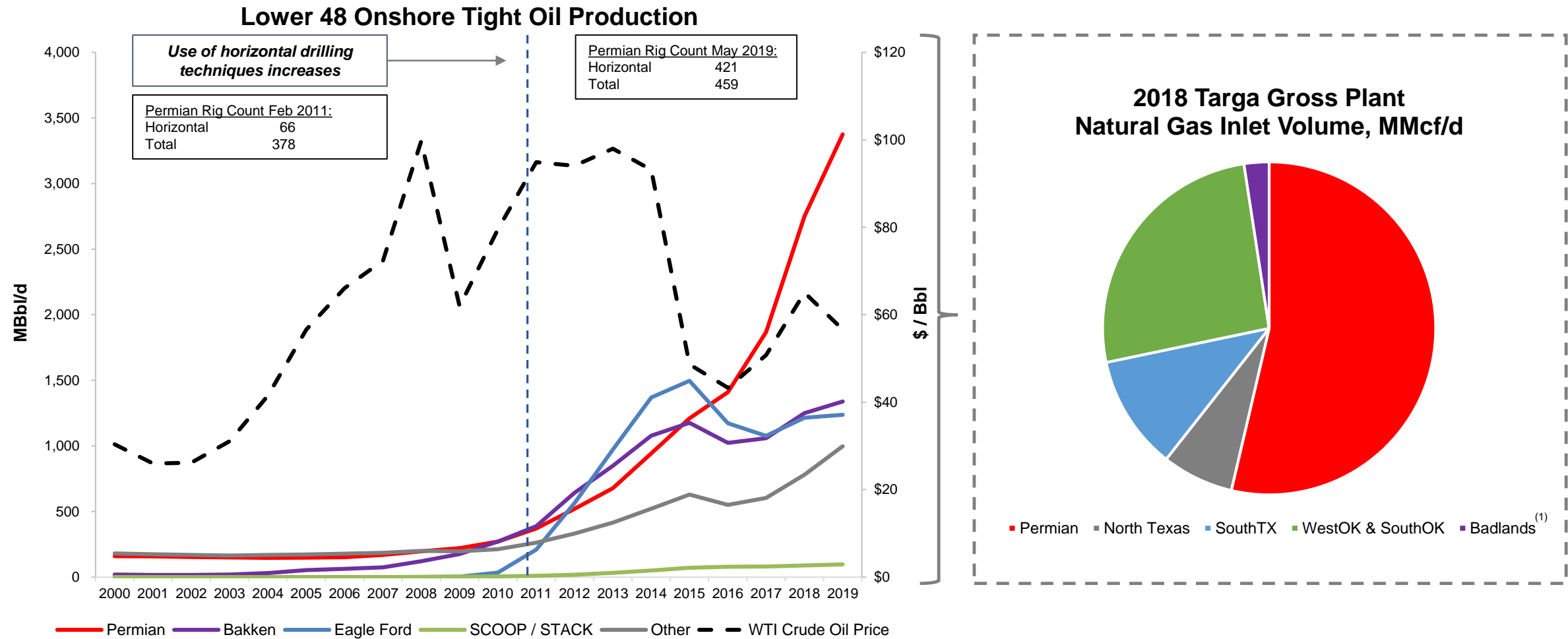
# Integrated Infrastructure Platform



# Permian Basin Leads Diverse Domestic Production Growth

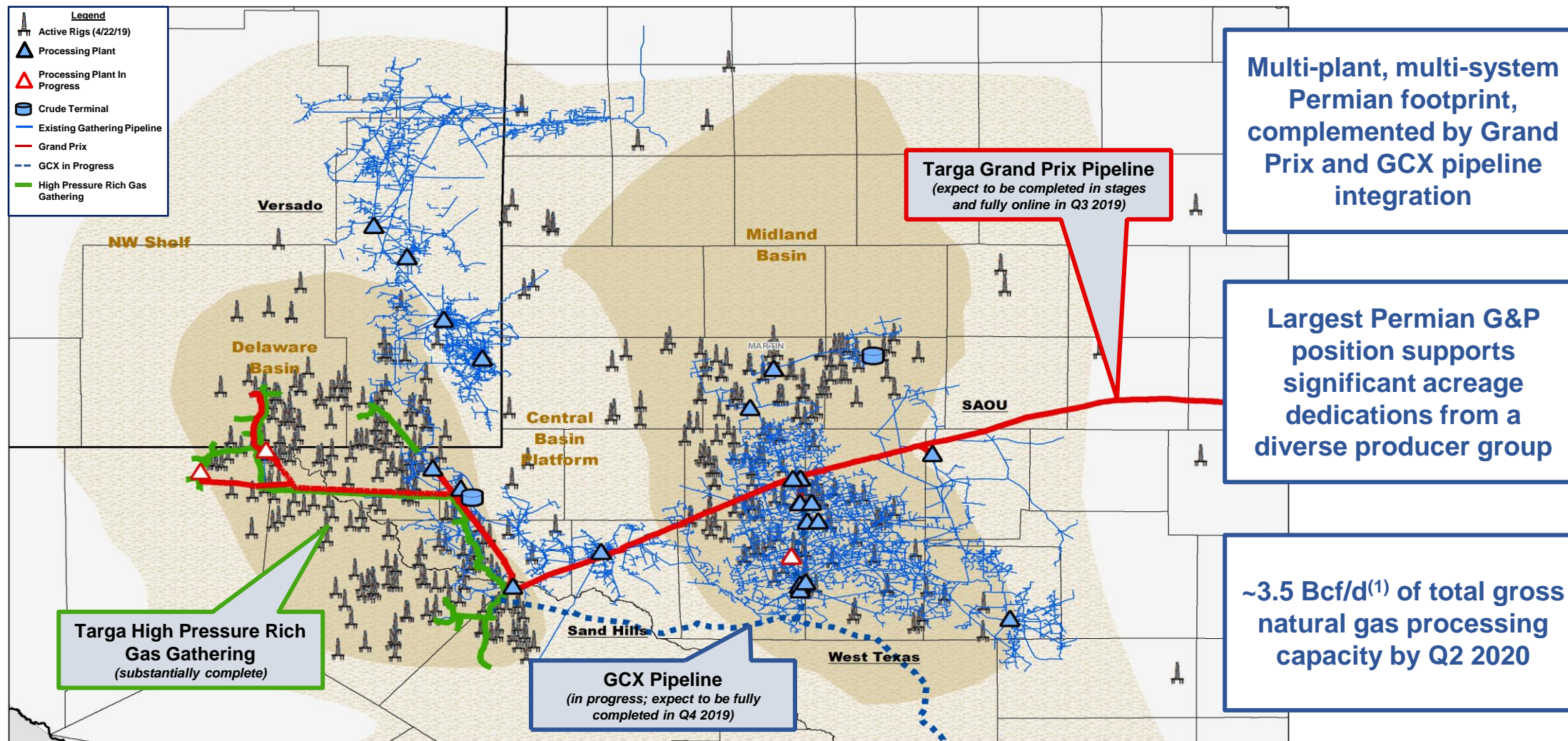


Targa's asset footprint provides best-in-class, pure-play Permian integrated infrastructure





# Targa's Premier Permian Infrastructure



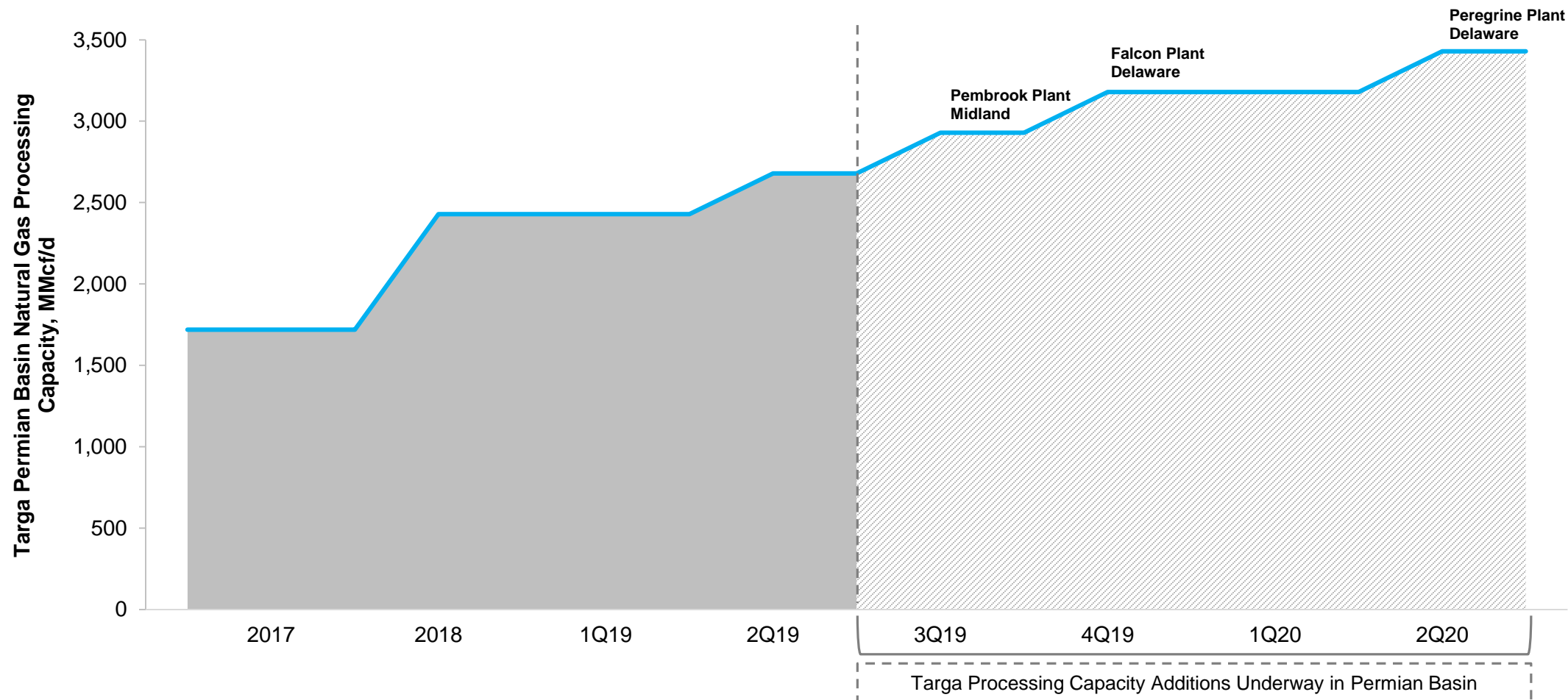
**Targa's Permian asset position across the Midland and Delaware Basins offers competitive and integrated G&P, NGL transportation and fractionation services to producer customers**



# Aggregator Of Permian Associated Gas Supply



- Permian natural gas processing expansions are driven by producer needs for incremental infrastructure, resulting in increasing NGL supply managed by Targa





# Downstream Assets: Linking Supply to Demand

Growing Targa and third-party NGL supply

Grand Prix to connect growing NGL supply to NGL market hub and to Targa Downstream assets

Premier fractionation ownership position in Mont Belvieu

Superior connectivity to growing petrochemical complex

Most flexible LPG export facility along the US Gulf Coast; substantially contracted over the long-term

## **Mont Belvieu is unique - The US NGL market hub developed over decades of industry investment**

- ✓ Y-grade (mixed) NGL supply coming from basins across the country
- ✓ Spec product NGL demand
- ✓ Ideal underground salt dome storage for NGLs
- ✓ An interconnected petrochemical complex that grew up around Mont Belvieu

## **Targa's infrastructure network is very well positioned and exceedingly difficult to replicate -**

superior assets in Mont Belvieu, with connectivity to supply, fractionation, storage, terminaling infrastructure, and connectivity to demand (petrochemical complex and exports)

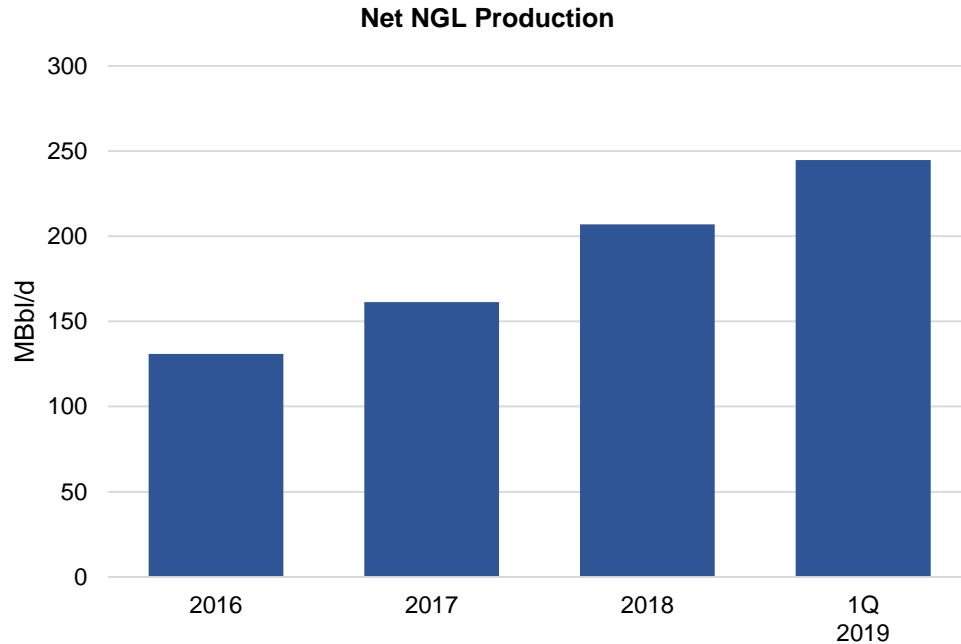
## **Grand Prix NGL Pipeline directs more volumes to Targa fractionation and export facilities -**

improves linkage of supply to demand with advantages for Targa customers and Targa Downstream assets



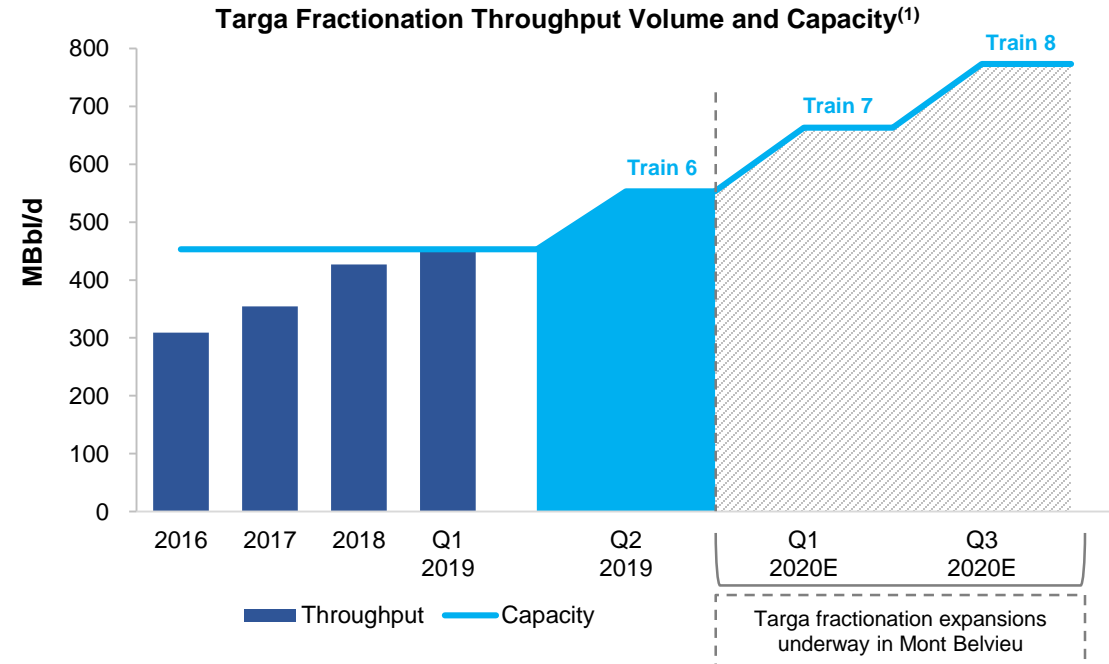
# NGL Growth Feeds Targa's Fractionation Assets

## Significant NGLs from Targa Permian Plants



- Targa is currently one of the largest daily movers of NGLs in the Permian Basin
- Targa's Permian NGL production outlook is expected to continue to increase as a result of its 1.7 Bcf/d of incremental processing capacity expansions recently completed or underway
- Targa is able to direct the vast majority of its NGL production to its fractionation facilities in Mont Belvieu, which has led to significant growth in fractionation volumes over the same time frame

## Robust Targa Fractionation Outlook



- 100 MBbl/d Train 6 began operations in Q2 2019
- Additional 220 MBbl/d from Trains 7 and 8 will begin operations in Q1 2020 and Q3 2020, respectively
- Continued production growth and continued commercial success further increase fractionation volume outlook
- Grand Prix NGL Pipeline will direct significant NGL volumes to Targa's fractionation complex

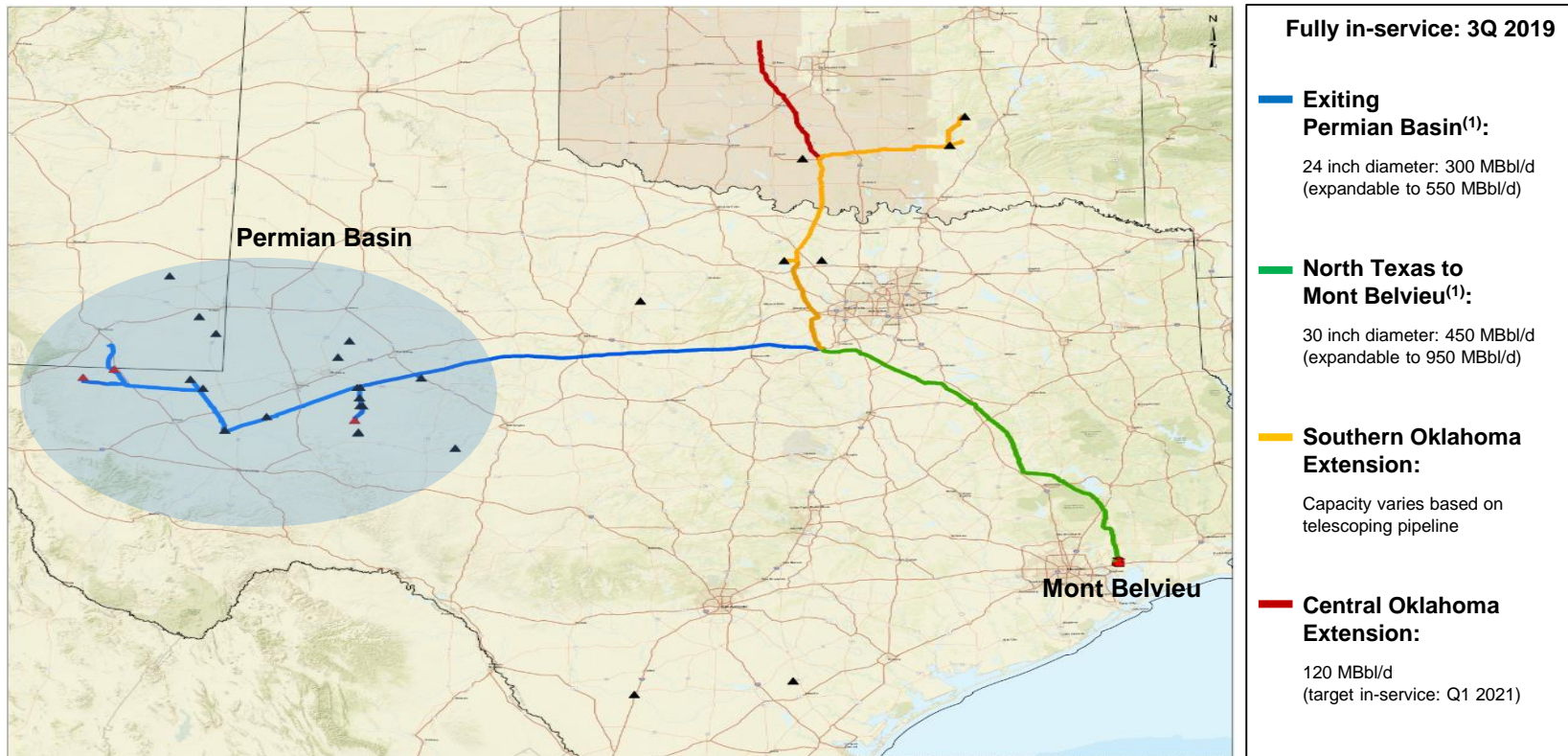
# Targa's Grand Prix NGL Pipeline Project



## Grand Prix connects growing supply to premier NGL hub at Mont Belvieu

Targa's G&P position in the Permian Basin supported by substantial acreage dedications, in addition to its G&P positions in southern Oklahoma and North Texas, will direct significant NGLs to Grand Prix

- ▶ Increases integration with Downstream segment (fractionation, LPG exports) and key domestic markets
- ▶ Targa can expand pipeline's capacity by adding pump stations as needed over time, with relatively low additional capital outlay
- ▶ In February 2019, Targa announced extension into STACK that is supported by significant long-term transportation and fractionation volume dedications and commitments from Williams



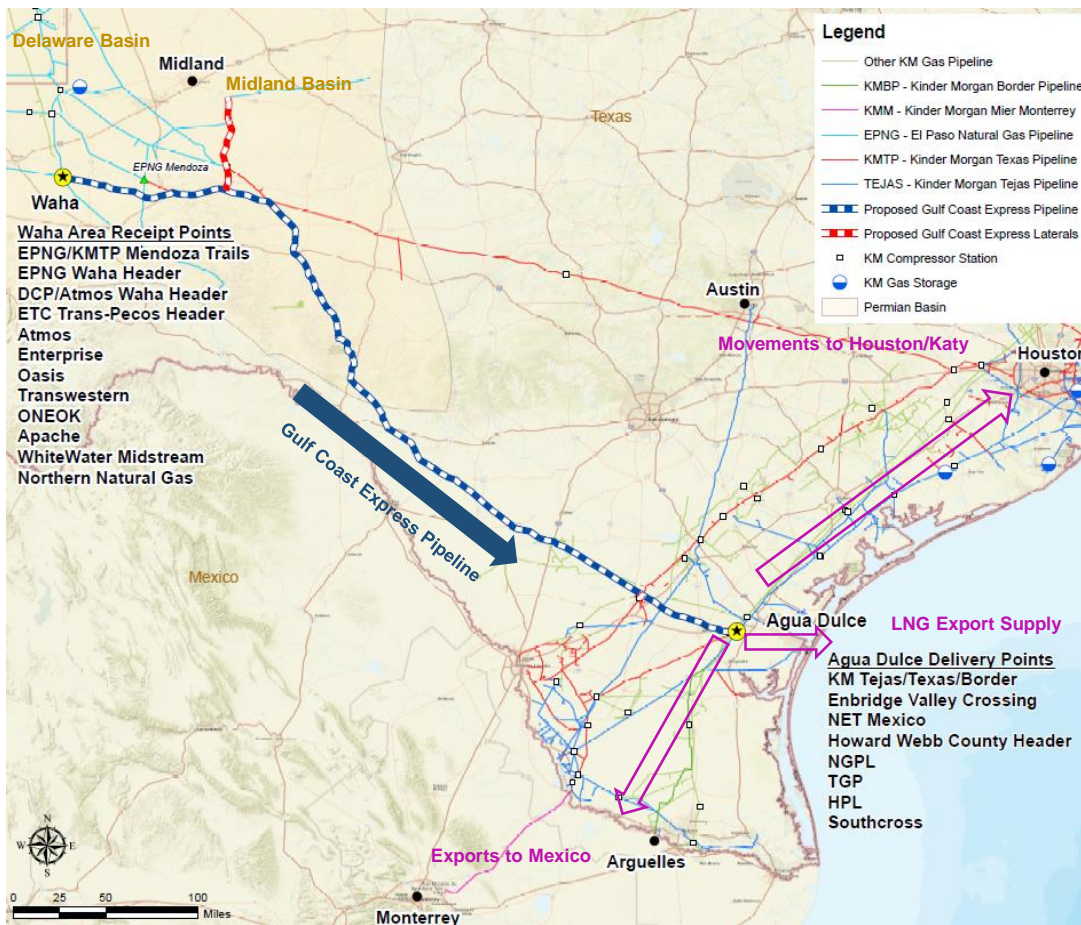
## Grand Prix Volumes Expected to Continue to Increase



- Continued production growth
- Continued commercial success
- Additional third party commitments
- Increasing third party volume commitments
- Expiration of Targa's obligations on other third party NGL pipelines



# Strategic Residue Takeaway - GCX



## Strategic Rationale:

- Secures reliable takeaway for increased natural gas production from the Permian Basin to premium markets along the Texas Gulf Coast
- Further enhances Targa's competitive capabilities to offer natural gas transportation takeaway options to its customers in the Delaware and Midland Basins
- Will provide significant fee-based cash flow over the long-term, leveraging Targa's position as one of the largest natural gas processors in the Permian Basin

## Project Ownership:

- 35% KMI (operator) / 25% DCP / 25% DevCo JV<sup>(1)</sup> / 15% ALTM

## Commercial Structure & Arrangement:

- Project's capacity is fully subscribed and committed under long-term agreements
- Fee-based margin
- Project scope includes lateral into the Midland Basin to serve gas processing facilities owned by Targa, as well as those owned jointly by Targa and Pioneer Natural Resources
- Construction is underway

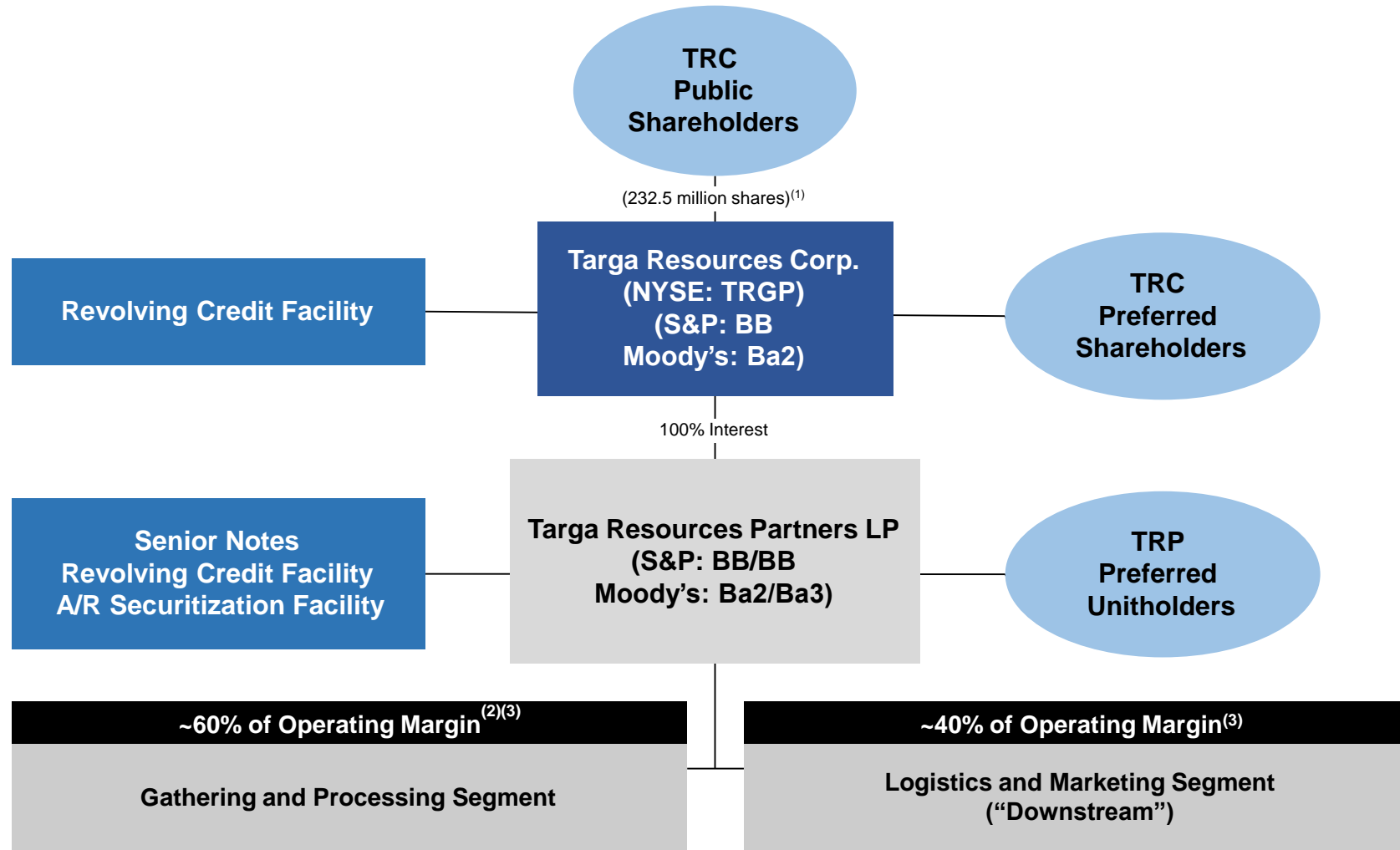
- ▶ **In-Service Date: Q4 2019**
- ▶ **Project Cost: ~\$1.75 billion**
- ▶ **Capacity: 1.98 Bcf/d from Permian Basin to Agua Dulce**
- ▶ **Includes a 50-mile, 36-inch lateral from the Midland Basin**

# Organizational and Financial Information

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# Corporate Structure





# 2019 Financial and Operational Expectations<sup>(1)</sup>



Financial Expectations FY 2019E <sup>(2)</sup>	
(\$ in millions, unless otherwise noted)	
Adjusted EBITDA	\$1,300 - \$1,400
Net Growth Capital Expenditures	\$2,300
Net Maintenance Capital Expenditures	\$130
Fee-Based Operating Margin (before hedging)	~75%
Segment Operating Margin Mix (G&P/Downstream)	~60% / ~40%
Operational Expectations FY 2019E	
Permian G&P Natural Gas Inlet Volumes (MMcf/d)	1,850 - 1,950 ~ +20% YoY increase <sup>(3)</sup>
Total Field G&P Natural Gas Inlet Volumes (MMcf/d)	3,450 - 3,650 ~ +10% YoY increase <sup>(3)</sup>
Commodity Price Outlook FY 2019E	
Weighted Average NGL (\$/gallon)	\$0.60
Henry Hub Natural Gas (\$/MMBtu)	\$3.00
WTI Crude Oil (\$/barrel)	\$54.00

*Adjusted EBITDA is expected to ramp in the second half of 2019 as significant growth projects (i.e. Grand Prix) enter service*

(1) Published February 20, 2019

(2) Takes into consideration the 45% interest sale in Badlands, announced February 19, 2019, with closing effective April 1, 2019

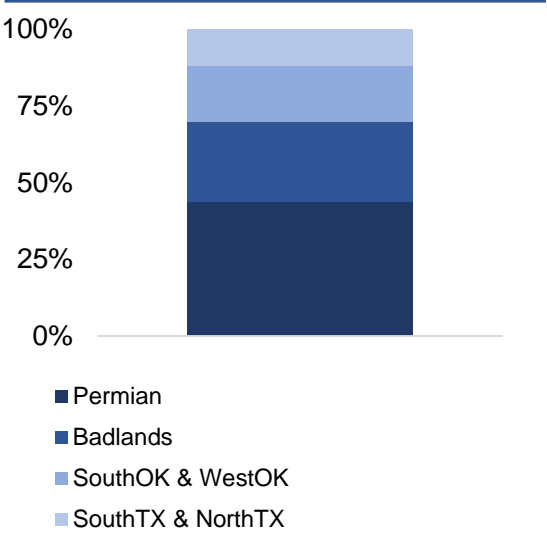
(3) Year over year increase reflects the midpoint of 2019E guidance range

Refer to Non-GAAP reconciliation in the supplemental section

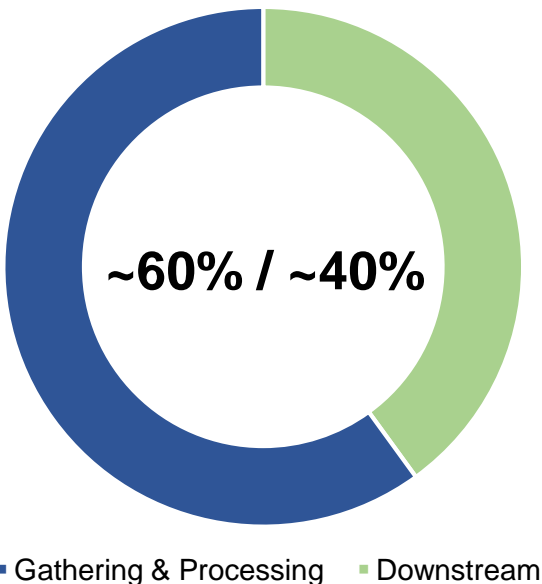


# Business Mix and Hedging Program

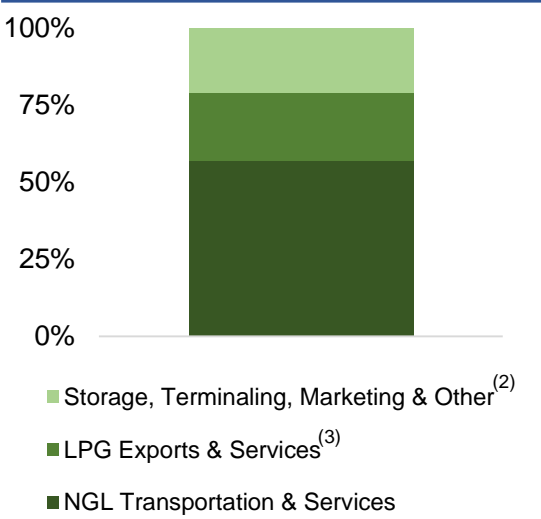
Field Gathering & Processing  
Operating Margin 2019E<sup>(1)</sup>



Business Mix –  
Segment Operating Margin<sup>(1)</sup>



Downstream  
Operating Margin 2019E<sup>(1)</sup>

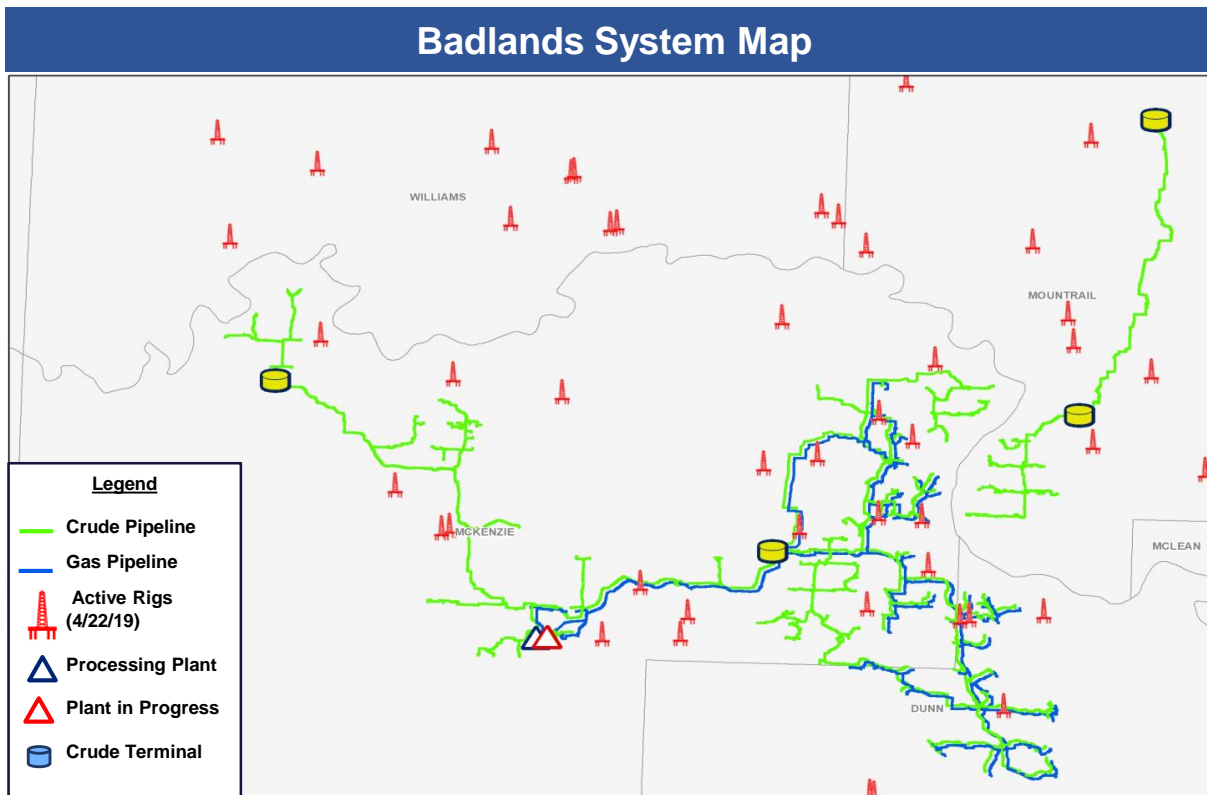


Hedging Program Further Strengthens Cash Flow Stability									
Field G&P Hedging Update								Commodity Price Sensitivity	
2019 <sup>(4)</sup>				2020				2019E Adj. EBITDA Impact <sup>(4)</sup>	
Commodity	Volumes Hedged	Wtd. Avg. Hedge Price <sup>(5)</sup>	Exposure Hedged (%) <sup>(6)</sup>	Commodity	Volumes Hedged	Wtd. Avg. Hedge Price <sup>(5)</sup>	Exposure Hedged (%) <sup>(6)</sup>		
Natural Gas (MMBtu/d)	161,364	\$2.33	~75%	Natural Gas (MMBtu/d)	79,930	\$2.11	~35%	Natural Gas	+/- \$0.25/MMBtu +/- \$3 million
NGLs (Bbl/d) <sup>(7)</sup>	23,313	\$0.68	~65%	NGLs (Bbl/d) <sup>(7)</sup>	13,267	\$0.67	~40%	NGLs	+/- \$0.05/gallon +/- \$17 million
Condensate (Bbl/d)	3,929	\$54.14	~70%	Condensate (Bbl/d)	2,390	\$59.67	~45%	Condensate	+/- \$5.00/Bbl +/- \$2 million

(1) Based on forecasted 2019E operating margin  
 (2) Marketing & Other includes Domestic NGL Marketing (Wholesale Propane, Refinery Services, Commercial Transportation), Gas Marketing & Petroleum Logistics  
 (3) 2019E operating margin includes only current contract volumes  
 (4) Balance of year, April – December 2019  
 (5) Weighted average hedge prices assumes put prices for collars  
 (6) Based on current equity volumes  
 (7) Targa's composite NGL barrel comprises 38% ethane, 34% propane, 5% isobutene, 13% normal butane, and 10% natural gasoline

# Badlands Minority Interest Sale - Transaction Overview

- **Targa closed on the sale of a 45% interest in Badlands<sup>(1)</sup> to funds managed by GSO Capital Partners and Blackstone Tactical Opportunities (collectively “Blackstone”) for \$1.6 billion**
  - ▶ Targa will continue to be the operator and will hold majority governance rights in Badlands; future growth capital to be funded on a pro rata basis
  - ▶ Badlands will pay a minimum quarterly distribution to Blackstone and to Targa based on their initial investments, and Blackstone's capital contributions will have a liquidation preference upon a sale of Badlands
  - ▶ The transaction closed early second quarter of 2019



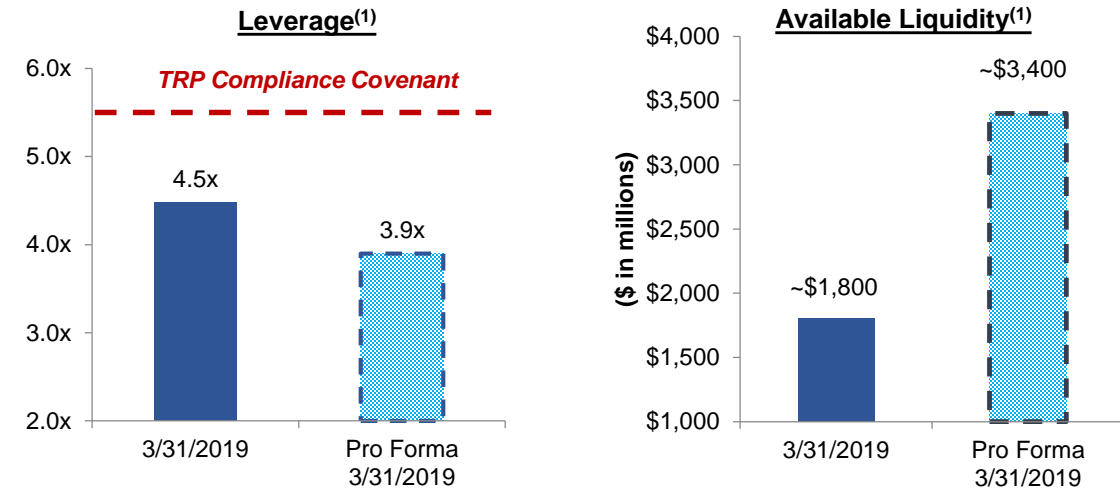
- **The Badlands assets and operations are located in the Bakken and Three Forks Shale plays of the Williston Basin and include approximately:**
  - ▶ 480 miles of crude oil gathering pipelines and 125 MBbl of operational crude oil storage
  - ▶ ~260 miles of natural gas gathering pipelines and the Little Missouri natural gas processing plant with a current gross processing capacity of approximately 90 MMcf/d
  - ▶ Badlands owns a 50% interest in the 200 MMcf/d Little Missouri 4 (“LM4”) Plant that is anticipated to be completed in early third quarter of 2019



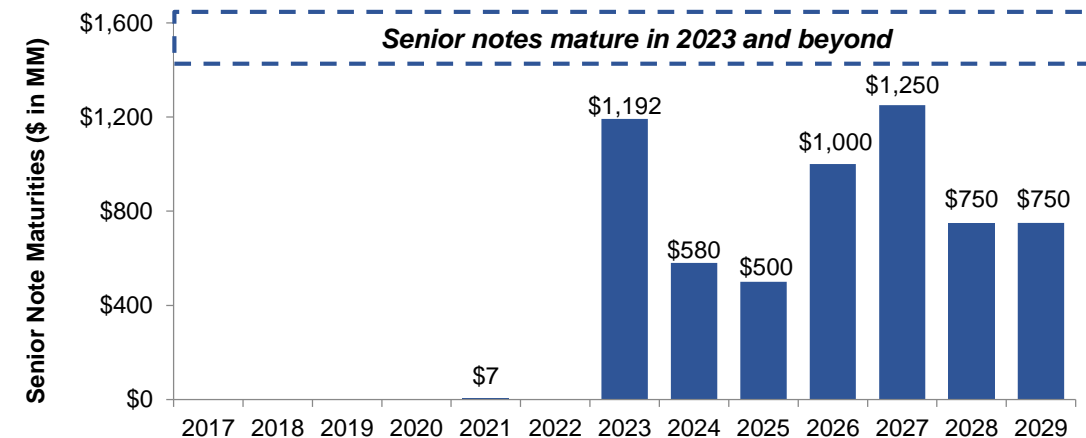
# Financial Position and Leverage

- Protecting the balance sheet and maintaining balance sheet flexibility remain key objectives
- Proven track record of accessing both public and private markets to fund growth
  - ▶ Raised ~\$1.1 billion in 2018 from a multi faceted equity financing strategy including common equity issued under the ATM program, asset sales and the DevCo JVs
  - ▶ Issued \$1.0 billion of senior notes due 2026 at attractive rates in April 2018
  - ▶ Extended \$670 million TRC revolver to 2023 and upsized TRP revolver to \$2.2 billion and extended to 2023
  - ▶ Upsized TRP A/R Securitization to \$400 million and extended to December 2019
  - ▶ Issued \$1.5 billion of senior notes due 2027 and 2029 at attractive rates in January 2019
  - ▶ In April 2019, Targa closed on the sale of a 45% interest in Badlands for \$1.6 billion
- Strong pro forma available liquidity position of ~\$3.4 billion

## Leverage and Liquidity



## Senior Note Maturities



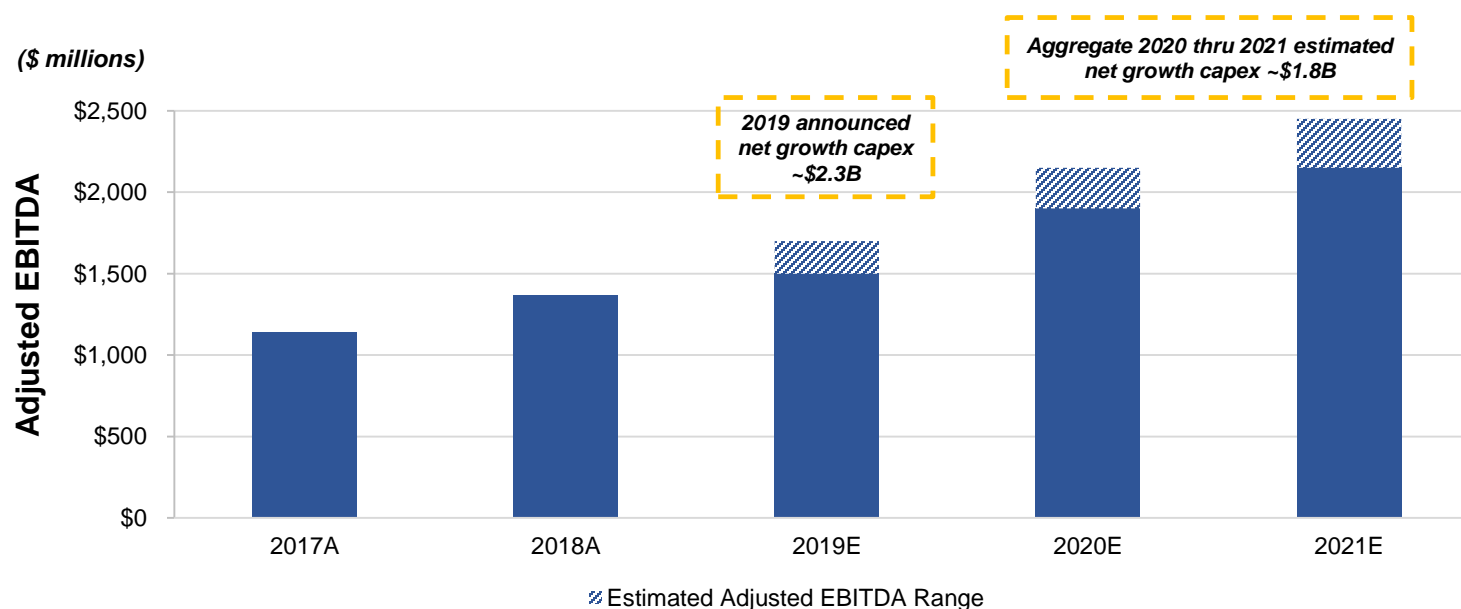
# Longer-Term Outlook (*Published November 2018*)

## High Visibility to Rapidly Increasing EBITDA



- Given the strength of fundamentals across Targa's areas of operation and a portfolio of attractive capital projects currently underway, Targa estimates significant year-over-year EBITDA growth
  - Growth capex generates attractive average 5-7x EBITDA multiples over time at the project level
  - Increasing free cash flow over time given growth capex estimated to decrease significantly after 2019
  - Assumes no LPG export business spot margin over the forecast period or growth wedges from commercial opportunities not yet executed

### Announced Projects Drive Significant Accretive Growth<sup>(1)(2)(3)</sup>



### Additional EBITDA Growth Opportunities Post 2021E

- + Acquisition of DevCo JV interests
- + Additional G&P expansions
- + Additional fractionation expansions
- + Additional expansion of Grand Prix
- + Additional expansion of LPG export facilities
- + New commercial agreements across G&P and Downstream

**Note:** The above forecast has not been updated pro forma for the Badlands minority interest sale, Grand Prix extension into central Oklahoma and other activity



# Gathering & Processing Segment

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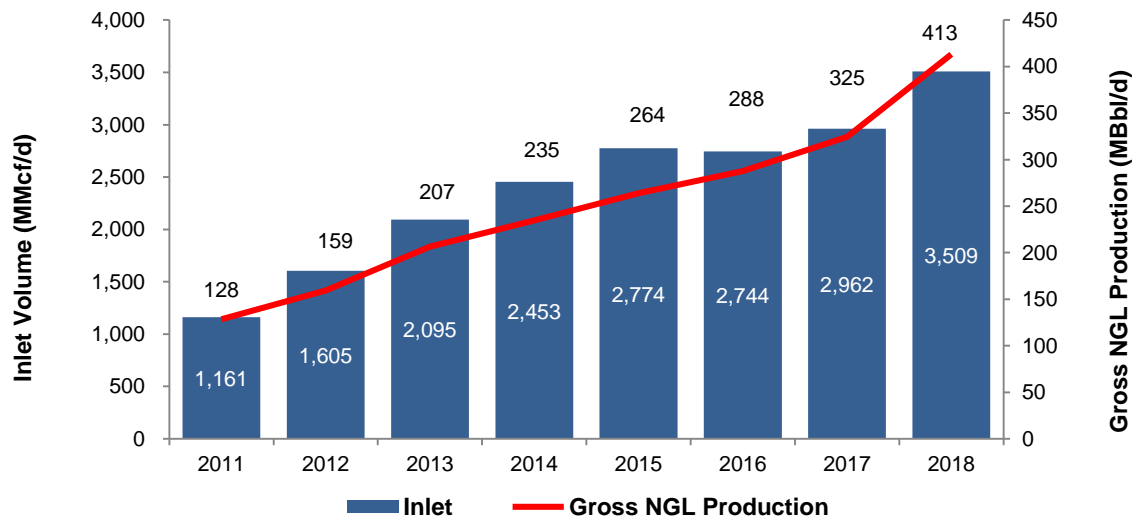


# Extensive Field Gathering and Processing Position

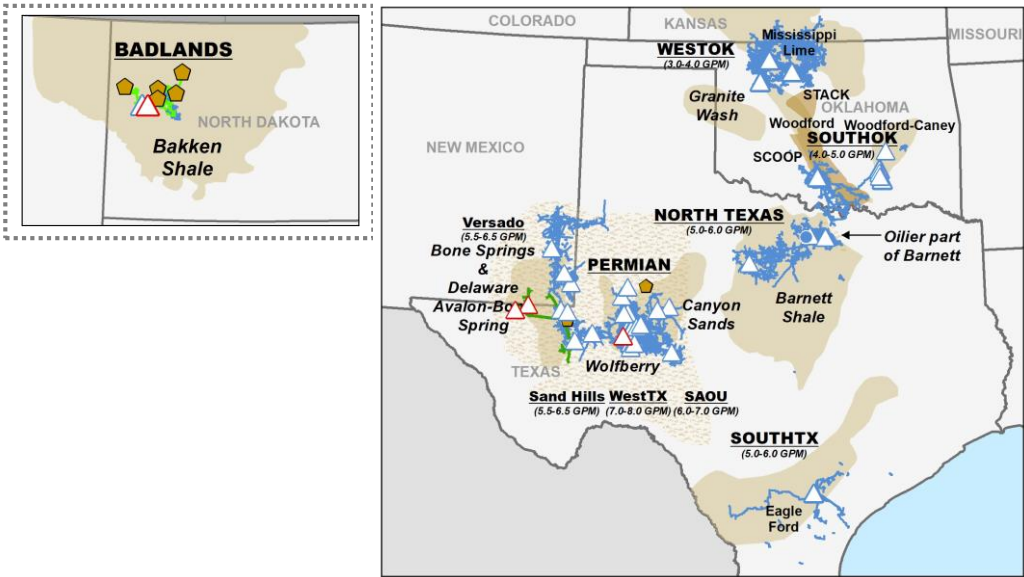
## Summary

- ~6.0 Bcf/d of gross processing capacity<sup>(1)(2)(3)(4)</sup>
- Significant acreage dedications in the Permian Basin, Bakken, SCOOP, STACK and Eagle Ford
- G&P capacity additions underway:
  - ▶ 750 MMcf/d of additional processing capacity additions underway in the Permian Basin
  - ▶ 200 MMcf/d of additional processing capacity underway in the Badlands
- Mix of POP and fee-based contracts

## Volumes (Pro Forma Targa All Years)



## Footprint



	Est. Gross Processing Capacity (MMcf/d)	Miles of Pipeline <sup>(4)</sup>
Permian - Midland <sup>(1)</sup>	2,129	6,500
Permian - Delaware <sup>(2)</sup>	1,300	5,700
<b>Permian Total</b>	<b>3,429</b>	<b>12,200</b>
SouthTX	660	1,000
North Texas	478	4,700
SouthOK	710	2,200
WestOK	458	6,500
<b>Central Total</b>	<b>2,306</b>	<b>14,400</b>
Badlands <sup>(3)</sup>	290	750
<b>Total</b>	<b>6,025</b>	<b>27,350</b>

(1) Includes Pembroke Plant (expected in early Q3 2019)  
(2) Includes Falcon Plant (expected in Q4 2019) and Peregrine Plant (expected in Q2 2020)  
(3) Includes 200 MMcf/d LM4 Plant (expected in early Q3 2019)  
(4) Total active natural gas, NGL and crude oil gathering pipeline mileage as of 12/31/2018  
Note: WestTX system in Permian Midland is owned 72.8% Targa; 27.2% Pioneer (PXD)



# Permian – Midland Basin



## Summary

- **Interconnected WestTX and SAOU systems located across the core of the Midland Basin**
  - ▶ JV between Targa (72.8% ownership and operator) and PXD (27.2% ownership) in WestTX
- **Operate natural gas gathering and processing and crude gathering assets**
  - ▶ Traditionally POP contracts, with added fees and fee-based services for compression, treating, etc.
  - ▶ Contracts acquired as part of Permian acquisition in Q1 2017 are fee-based

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	Q1 2019 Net Plant Inlet (MMcf/d)	Q1 2019 Net NGL Production (MBbl/d)	Q1 2019 Crude Oil Gathered (MBbl/d)	Miles of Pipeline
(1) Consolidator	72.8%	Reagan, TX	150				
(2) Driver	72.8%	Midland, TX	200				
(3) Midkiff	72.8%	Reagan, TX	80				
(4) Benedum	72.8%	Upton, TX	45				
(5) Edward	72.8%	Upton, TX	200				
(6) Buffalo	72.8%	Martin, TX	200				
(7) Joyce	72.8%	Upton, TX	200				
(8) Johnson	72.8%	Midland, TX	200				
(9) Hopson	72.8%	Midland, TX	250				
(10) Pembroke <sup>(a)</sup>	72.8%	Upton, TX	250				
<b>WestTX Total</b>			<b>1,775</b>				<b>4,700</b>
(11) Mertzson	100.0%	Irion, TX	52				
(12) Sterling	100.0%	Sterling, TX	92				
(13) High Plains	100.0%	Midland, TX	200				
(14) Tarzan	100.0%	Martin, TX	10				
<b>SAOU Total</b>			<b>354</b>				<b>1,800</b>
<b>Permian Midland Total<sup>(b)(c)(d)</sup></b>			<b>2,129</b>	<b>1,334</b>	<b>184</b>	<b>67</b>	<b>6,500</b>

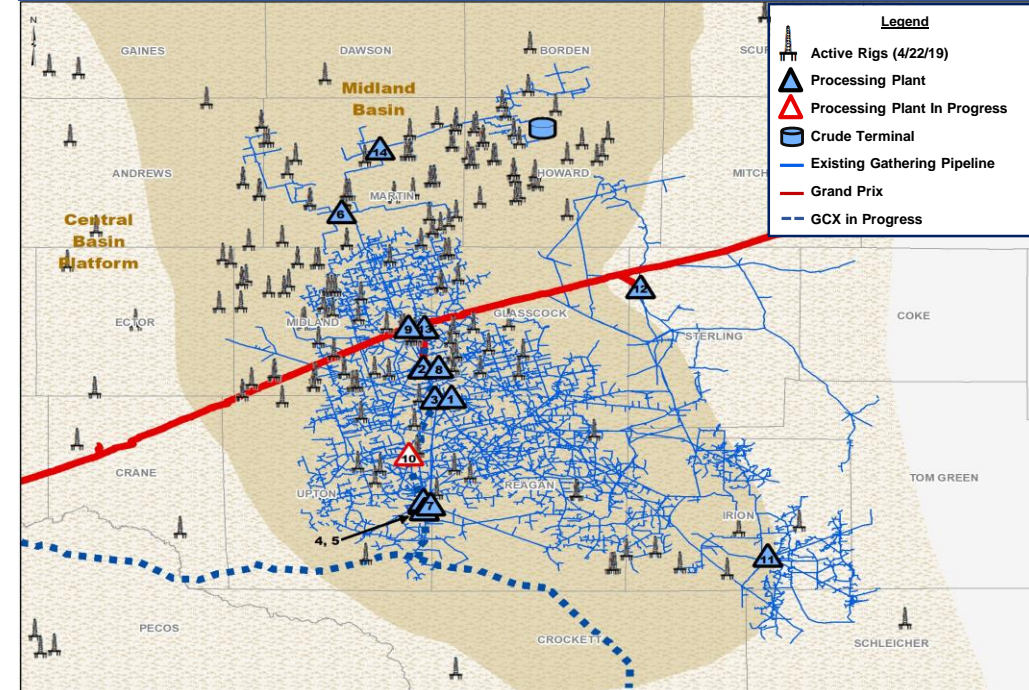
<sup>(a)</sup> Expected to be complete early Q3 2019

<sup>(b)</sup> Total estimated gross capacity by Q2 2019

<sup>(c)</sup> Crude oil gathered includes Permian - Midland and Permian - Delaware

<sup>(d)</sup> Total gas and crude oil pipeline mileage

## Asset Map and Rig Activity<sup>(1)</sup>



## Expansions Recently Completed and Underway

- 200 MMcf/d Joyce Plant completed in Q1 2018
- 200 MMcf/d Johnson Plant completed in Q3 2018
- 250 MMcf/d Hopson Plant completed in Q2 2019
- 250 MMcf/d Pembroke Plant expected online early Q3 2019

# Permian – Delaware Basin



## Summary

- Interconnected Versado and Sand Hills capturing growing production from increasingly active Delaware Basin (also connected to Permian - Midland)
- Operate natural gas gathering and processing and crude gathering assets
  - Traditionally POP contracts, with added fees and fee-based services for compression, treating, etc.

## Expansions Recently Completed and Underway

- 60 MMcf/d Oahu Plant and 250 MMcf/d Wildcat Plant completed in Q2 2018
- In March 2018, executed long-term fee-based agreements with an investment grade energy company for G&P and for downstream transportation and fractionation services
  - Substantial portion of 220 mile high pressure rich gas gathering pipeline is operational

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	Q1 2019 Gross Plant Inlet (MMcf/d)	Q1 2019 Gross NGL Production (MBbl/d)	Q1 2019 Crude Oil Gathered (MBbl/d)	Miles of Pipeline
(1) Saunders	100.0%	Lea, NM	60				
(2) Eunice	100.0%	Lea, NM	110				
(3) Monument	100.0%	Lea, NM	85				
<b>Versado Total</b>			<b>255</b>				<b>3,500</b>
(4) Loving Plant	100.0%	Loving, TX	70				
(5) Wildcat	100.0%	Winkler, TX	250				
(6) Oahu	100.0%	Pecos, TX	60				
(7) Sand Hills	100.0%	Crane, TX	165				
(8) Falcon <sup>(a)</sup>	100.0%	Culberson, TX	250				
(9) Peregrine <sup>(b)</sup>	100.0%	Culberson, TX	250				
<b>Sand Hills Total</b>			<b>1,045</b>				<b>2,200</b>
<b>Permian Delaware Total<sup>(c)(d)(e)</sup></b>			<b>1,300</b>	<b>480</b>	<b>61</b>	<b>67</b>	<b>5,700</b>

<sup>(a)</sup> Expected to be completed in Q4 2019

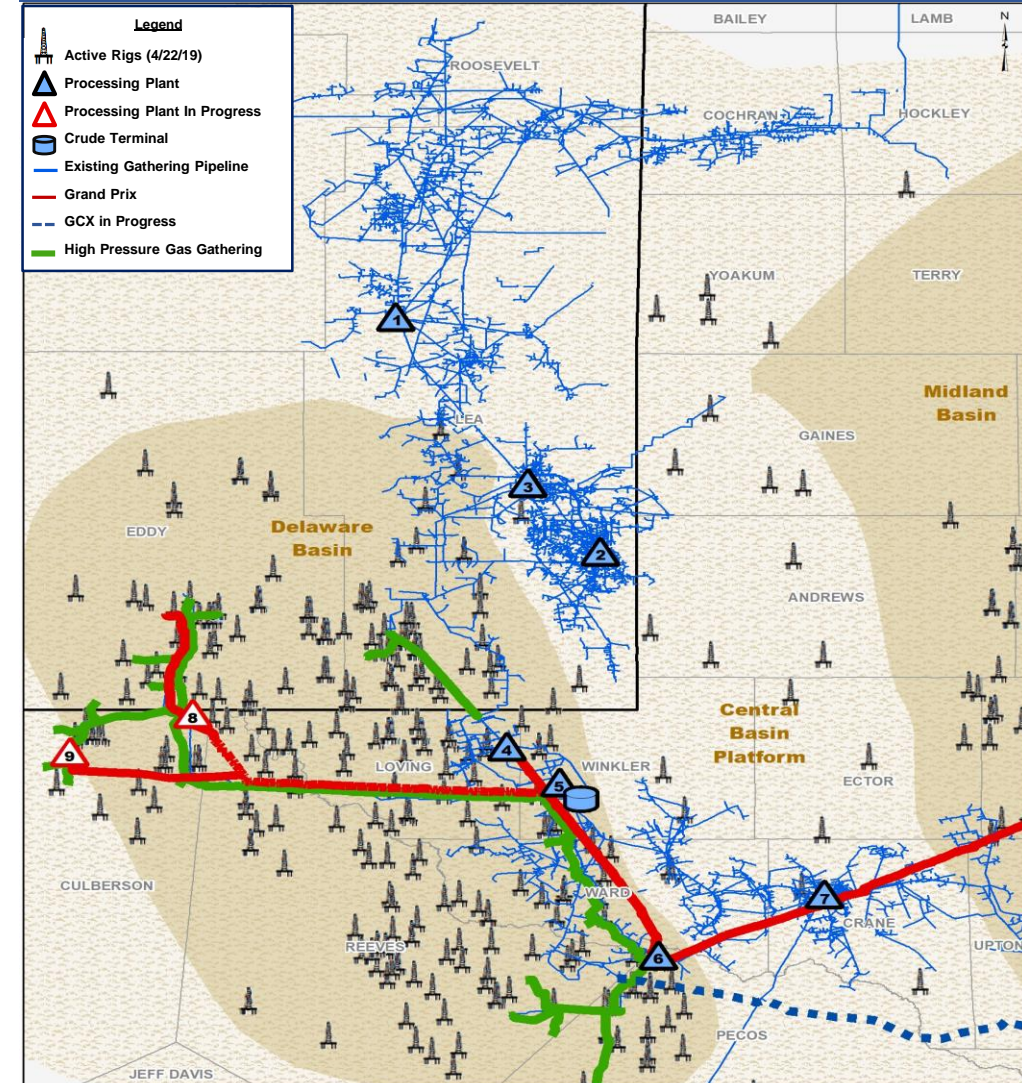
<sup>(b)</sup> Expected to be completed in Q2 2020

<sup>(c)</sup> Total estimated gross capacity by Q2 2020

<sup>(d)</sup> Crude oil gathered includes Permian - Midland and Permian - Delaware

<sup>(e)</sup> Total gas and crude oil pipeline mileage

## Asset Map and Rig Activity<sup>(1)</sup>





# Delaware Basin Commercial Execution



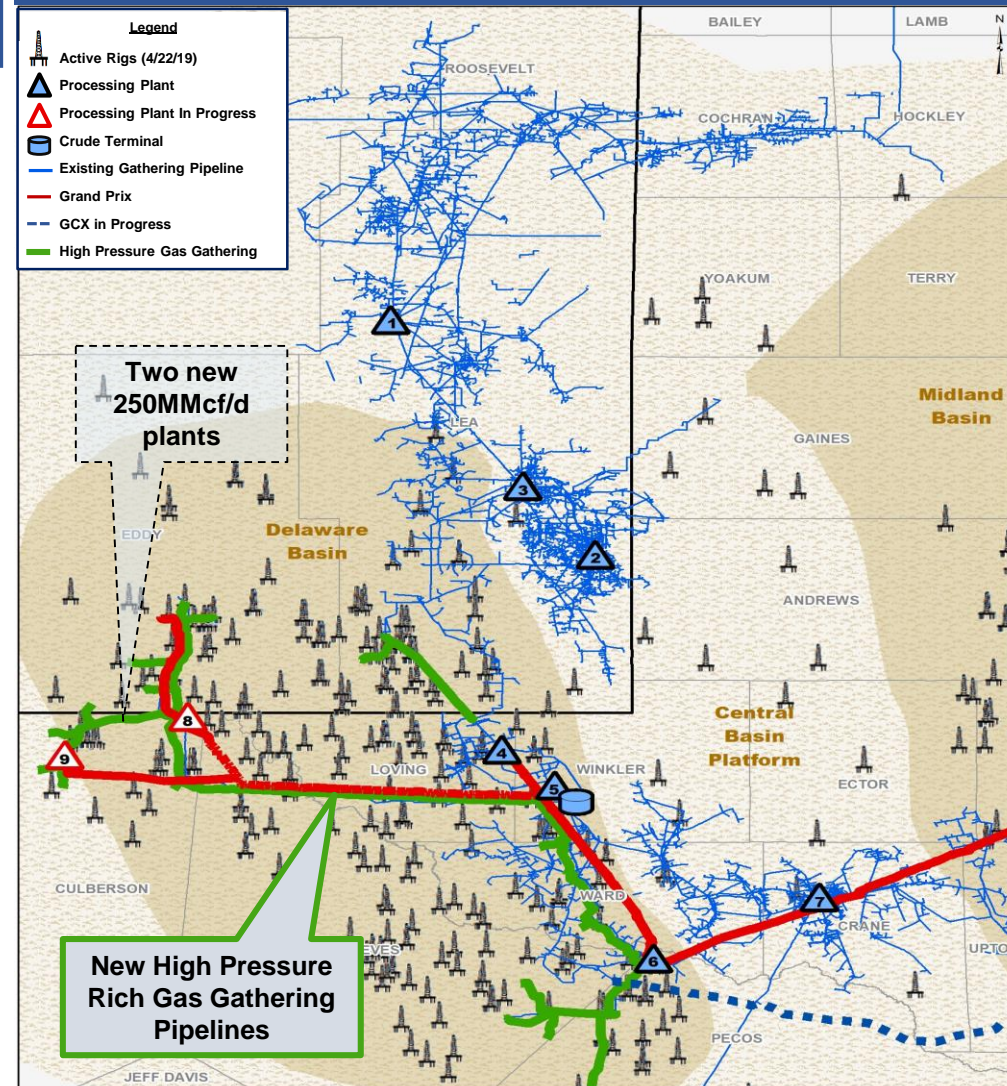
## Long-term fee-based agreements with Large Investment Grade Energy Company

- In early 2018, Targa entered into long-term fee-based agreements with an investment grade energy company for G&P services in the Delaware Basin and for downstream transportation, fractionation and other related services
- The agreements with Targa are underpinned by the customer's dedication of significant acreage within a large well-defined area in the Delaware Basin
- Targa will also provide transportation services on Grand Prix and fractionation services at its Mont Belvieu complex for a majority of the NGLs from the Falcon and Peregrine Plants
- These volumes will enhance supply availability to key domestic and international markets

## Additional Growth Investments in the Delaware

- Substantial portion of 220 miles of 12 to 24 inch high pressure rich gas gathering pipelines across some of the most prolific parts of the Delaware Basin is operational
- Significant production growth expected on customer's dedicated acreage; Targa to construct two new 250 MMcf/d cryogenic natural gas processing plants in the Delaware Basin:
  - ▶ Falcon Plant (expected online Q4 2019)
  - ▶ Peregrine Plant (expected online Q2 2020)

## Asset Map and Rig Activity<sup>(1)</sup>



# Strategic Position in the Core of the Bakken



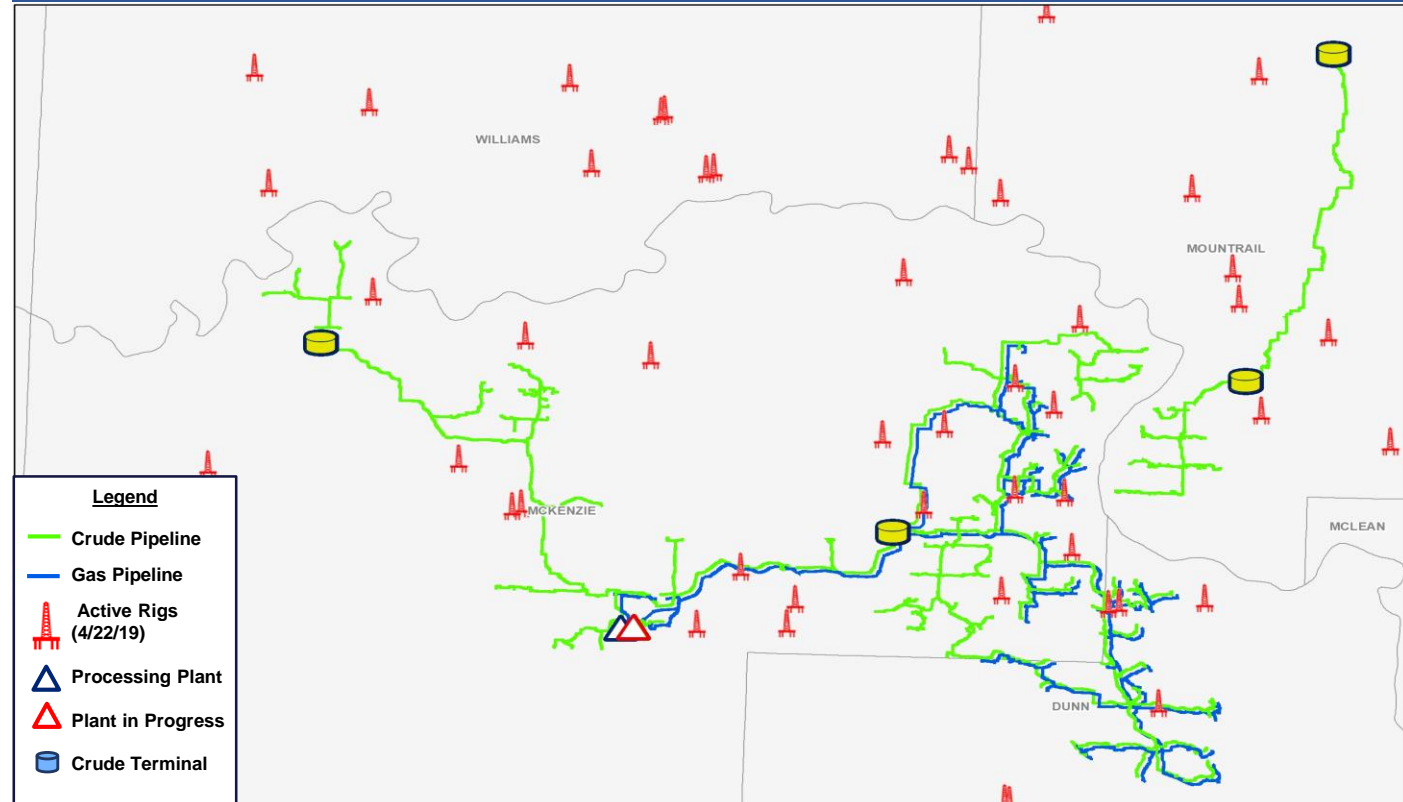
## Summary

- JV asset with Blackstone
- 460 miles of crude gathering pipelines; 200 miles of natural gas gathering pipelines
- 90 MMcf/d of natural gas processing capacity, expanding to 290 MMcf/d
- Fee-based contracts
- Large acreage dedications and areas of mutual interest from multiple producers
- Current crude oil delivery points include DAPL, Four Bears, Tesoro, Tesoro BakkenLink, Hilands, and Enbridge

## Expansions Underway

- JV with Hess Midstream currently constructing new 200 MMcf/d Little Missouri 4 Plant (LM4)
- Transport agreement for LM4 NGLs to be delivered to Targa Mont Belvieu fractionation complex

## Asset Map and Rig Activity<sup>(1)</sup>



Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	Q1 2019 Gross Plant Inlet (MMcf/d)	Q1 2019 Crude Oil Gathered (MBbl/d)	Miles of Pipeline
Little Missouri I, II and III	100.0%	McKenzie, ND	90			
Little Missouri IV <sup>(a)</sup>	50.0%	McKenzie, ND	200			
<b>Badlands Total<sup>(b)</sup></b>			<b>290</b>	<b>97</b>	<b>170</b>	<b>750</b>

<sup>(a)</sup> Expected to be completed early Q3 2019

<sup>(b)</sup> Total gas and crude oil pipeline mileage



# WestOK and SouthOK



## Summary

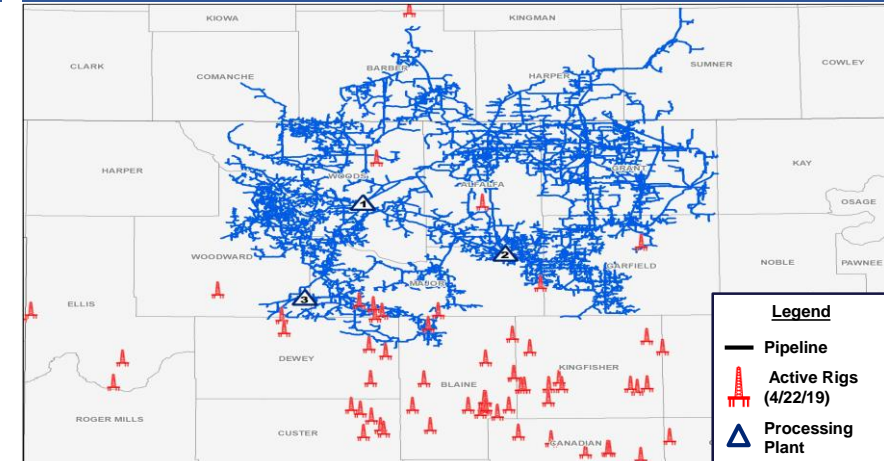
- WestOK consists of 458 MMcf/d of processing capacity positioned to benefit from the continued northwest movement of upstream activity targeting the STACK
  - Majority of contracts are hybrid POP plus fees
- SouthOK consists of 710 MMcf/d of gross processing capacity well positioned to benefit from increasing SCOOP and Arkoma Woodford activity
  - Predominantly fee-based contracts
  - Centrahoma JV with MPLX includes the 150 MMcf/d Hickory Hills Plant, complete and online Q4 2018
  - Majority of SouthOK NGLs dedicated to Grand Prix
  - Completed line in 2017 to bring additional SCOOP volumes

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	Q1 2019 Gross Plant Inlet (MMcf/d)	Q1 2019 Gross NGL Production (MMbbl/d)	Miles of Pipeline
(1) Waynoka I	100.0%	Woods, OK	200			
(1) Waynoka II	100.0%	Woods, OK	200			
(2) Chaney Dell <sup>(a)</sup>	100.0%	Major, OK	30			
(3) Chester	100.0%	Woodward, OK	28			
<b>WestOK Total</b>			<b>458</b>	<b>338</b>	<b>24</b>	<b>6,500</b>

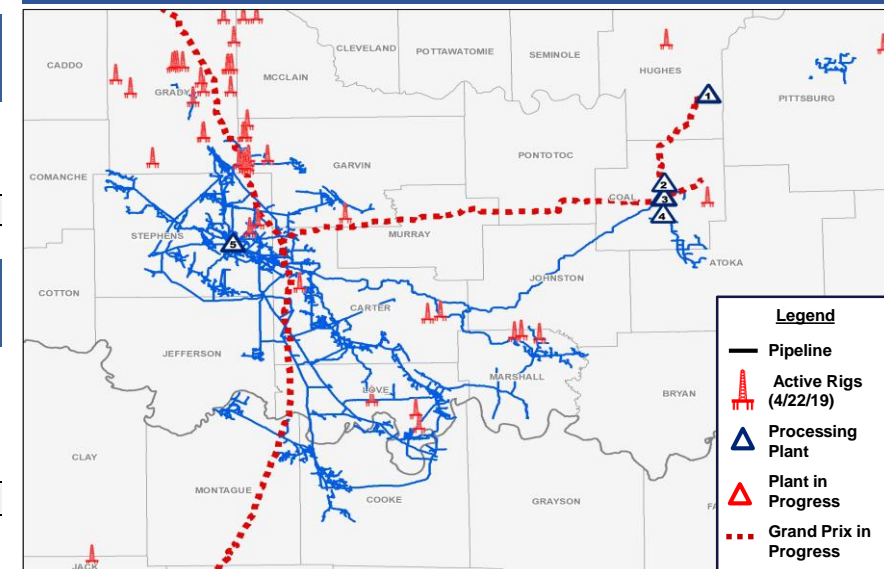
<sup>(a)</sup> The Chaney Dell Plant was idled in December 2015

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	Q1 2019 Gross Plant Inlet (MMcf/d)	Q1 2019 Gross NGL Production (MMbbl/d)	Miles of Pipeline
(1) Hickory Hills	60.0%	Hughes, OK	150			
(2) Stonewall	60.0%	Coal, OK	200			
(3) Tupelo	60.0%	Coal, OK	120			
(4) Coalgate	60.0%	Coal, OK	80			
(5) Velma	100.0%	Stephens, OK	100			
(5) Velma V-60	100.0%	Stephens, OK	60			
<b>SouthOK Total</b>			<b>710</b>	<b>620</b>	<b>58</b>	<b>2,200</b>

## Asset Map and Rig Activity<sup>(1)</sup> – WestOK



## Asset Map and Rig Activity<sup>(1)</sup> - SouthOK



# North Texas and SouthTX



## Summary

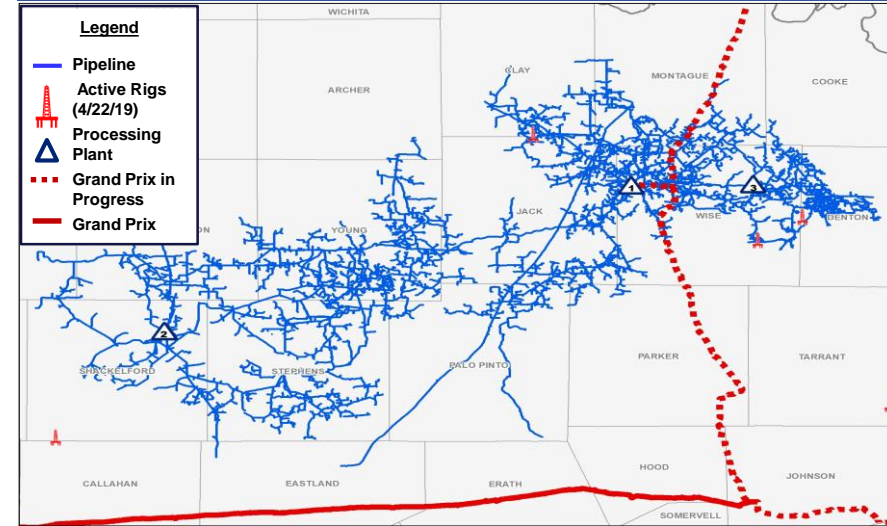
- North Texas consists of 478 MMcf/d processing capacity in the Barnett Shale and Marble Falls play
  - Primarily POP contracts with fee-based components
  - To be connected to Grand Prix by Q3 2019
- SouthTX consists of multi-county gathering system with interconnected plants spanning the Eagle Ford
  - Growth driven by JV with Sanchez Midstream Partners LP (NYSE:SNMP) and drilling activity from Sanchez Energy Corp. on dedicated acreage
    - In May 2018, expanded the JV to include new dedication of over 315,000 gross Comanche acres in the Western Eagle Ford; total dedicated acres over 420,000
  - JV consists of fee-based contracts supported by 15 year acreage dedication and 5 year 125 MMcf/d MVC

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	Q1 2019 Gross Plant Inlet (MMcf/d)	Q1 2019 Gross NGL Production (MBbl/d)	Miles of Pipeline
(1) Chico <sup>(a)</sup>	100.0%	Wise, TX	265			
(2) Shackleford	100.0%	Shackelford, TX	13			
(3) Longhorn	100.0%	Wise, TX	200			
<b>North Texas Total</b>			<b>478</b>	<b>231</b>	<b>27</b>	<b>4,700</b>

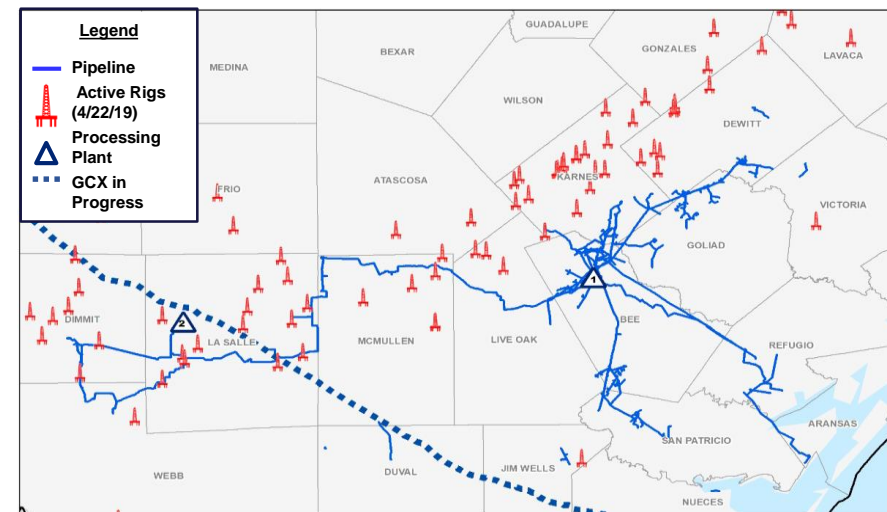
<sup>(a)</sup> Chico Plant has fractionation capacity of ~15 Mbbls/d

Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	Q1 2019 Gross Plant Inlet (MMcf/d)	Q1 2019 Gross NGL Production (MBbl/d)	Miles of Pipeline
(1) Silver Oak I	100.0%	Bee, TX	200			
(1) Silver Oak II	50.0%	Bee, TX	200			
(2) Raptor	50.0%	La Salle, TX	260			
<b>SouthTX Total</b>			<b>660</b>	<b>364</b>	<b>49</b>	<b>1,000</b>

## Asset Map and Rig Activity<sup>(1)</sup> – North Texas



## Asset Map and Rig Activity<sup>(1)</sup> - SouthTX



# Coastal G&P Footprint



## Summary

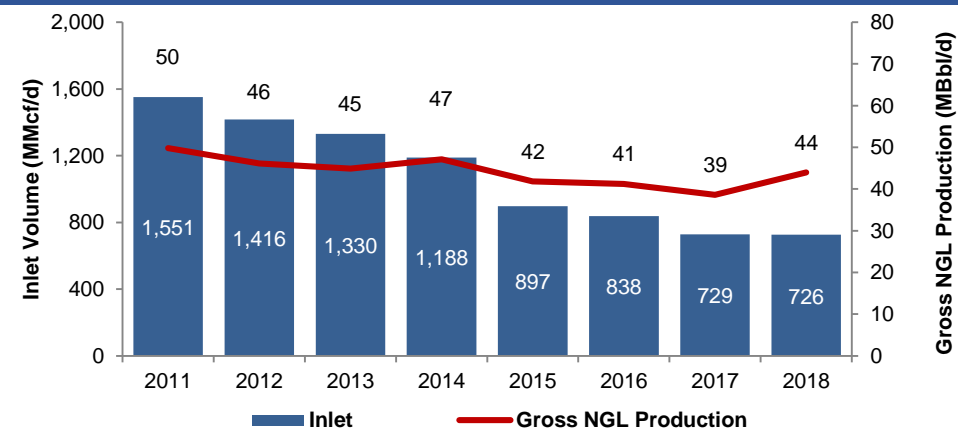
- Asset position represents a competitively advantaged straddle option on Gulf of Mexico activity over time
- LOU (Louisiana Operating Unit)
  - 440 MMcf/d of gas processing (180 MMcf/d Gillis plant, 80 MMcf/d Acadia plant and 180 MMcf/d Big Lake plant)
  - Interconnected to Lake Charles Fractionator (LCF)
- Coastal Straddles (including VESCO)
  - Positioned on mainline gas pipelines processing volumes of gas collected from offshore
- Coastal G&P inlet volumes and NGL production have been declining, but NGL production decreases have been partially offset by some higher GPM gas and by processing volumes at more efficient plants
- Primarily hybrid contracts (POL with fee floors)

	Current Gross Processing Capacity (MMcf/d)	Q1 2019 NGL Production (MBbl/d)
LOU	440	
Vesco	750	
Other Coastal Straddles	3,255	
<b>Total</b>	<b>4,445</b>	<b>48</b>

## Footprint



## Volumes





# Downstream Segment

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# Downstream Capabilities



## Overview

- The Logistics and Marketing segment represents approximately ~40% of total operating margin<sup>(1)</sup>
- Primarily fixed fee-based businesses, with significant “take-or-pay”
- Continue to pursue attractive downstream infrastructure growth opportunities
- Field G&P growth and increased ethane recovery will bring more volumes downstream



## Downstream Businesses

### NGL Transportation & Services

(~60% of Downstream)<sup>(1)</sup>

- ~1,200 mile NGL pipeline integrating Targa’s G&P positions in the Permian Basin, North Texas and SouthOK to Mont Belvieu
- Strong fractionation position in Mont Belvieu and Lake Charles

### LPG Exports (~20% of Downstream)<sup>(1)</sup>

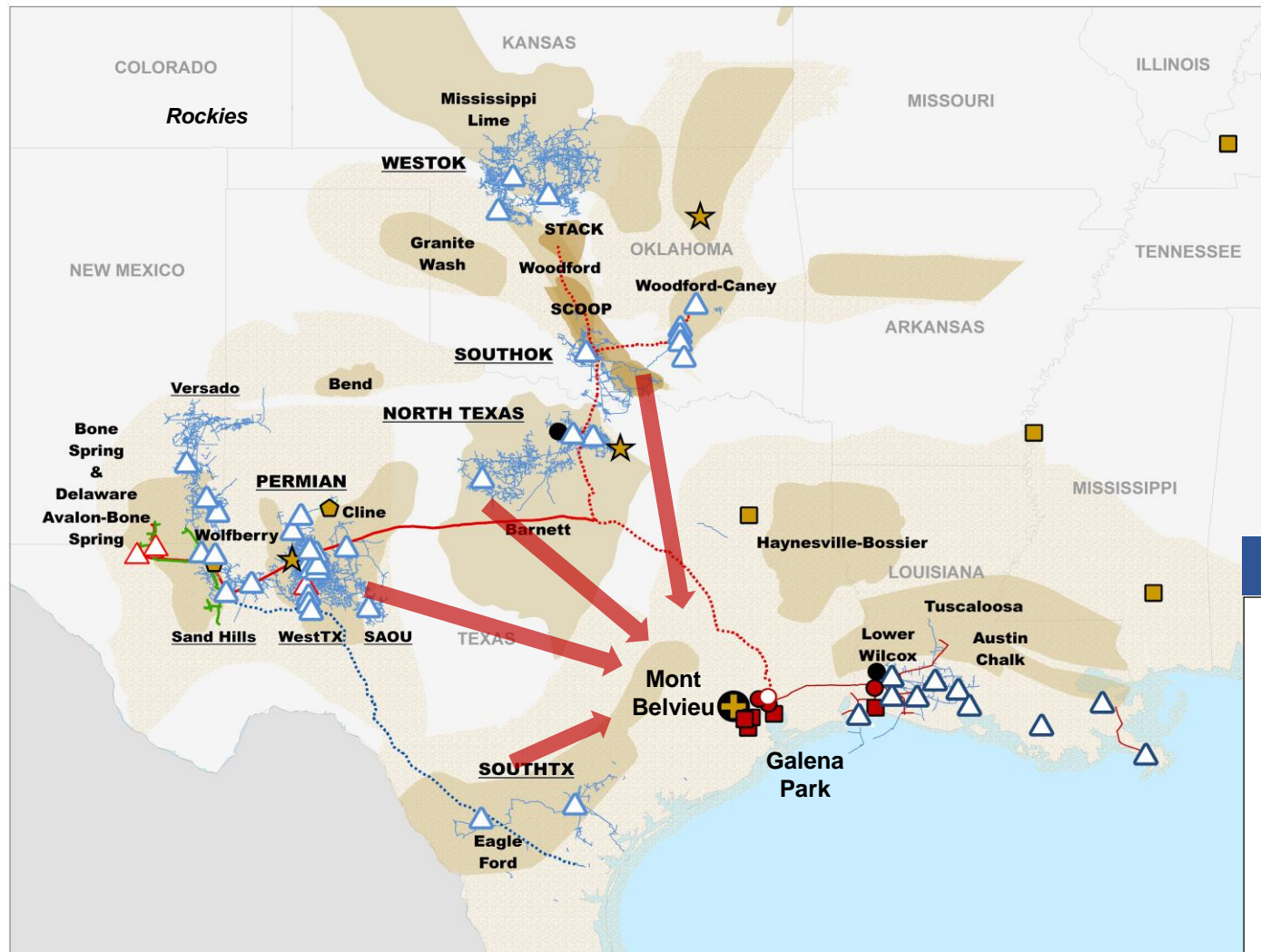
- Approximately 7 MMBbl/month of LPG Export capacity; expansion underway
- Fixed loading fees with “take-or-pay” commitments; market to end users and international trading houses

### Storage, Terminals, Marketing and Other (~20% of Downstream)<sup>(1)</sup>

- **Storage and Terminals**
  - ▶ Underground storage assets and connectivity provides a locational advantage
- **NGL and Natural Gas Marketing**
  - ▶ Manage physical distribution of mixed NGLs and specification products using owned and third party facilities
- **Domestic NGL Marketing and Distribution**
  - ▶ Contractual agreements with major refiners to market NGLs
  - ▶ Sell propane to multi-state, independent retailers and industrial accounts; inventory sold at index plus
- **Logistics and Transportation**
  - ▶ All fee-based; 585 railcars, 136 transport tractors, 2 NGL ocean-going barges
- **Petroleum Logistics**
  - ▶ Gulf Coast footprint

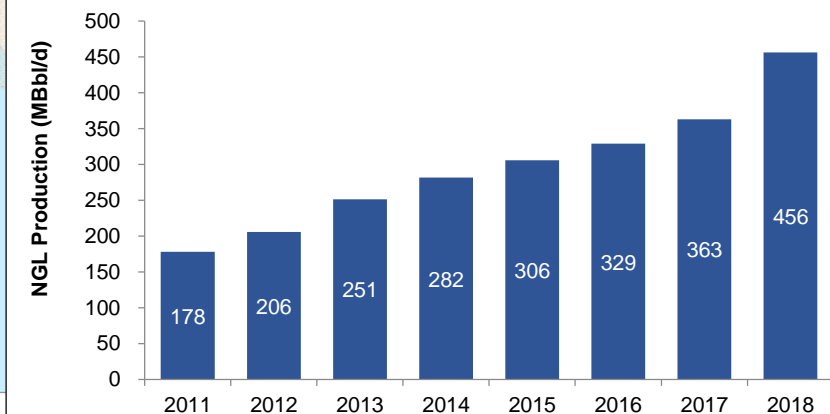


# G&P Volume Drives NGL Flows to Mont Belvieu



- Growing field NGL production increases NGL flows to Targa's expanding Mont Belvieu and Galena Park presence
- Grand Prix will bring NGLs from the Permian Basin, southern Oklahoma and North Texas and enhance vertical integration
- Petrochemical investments, fractionation and export services will continue to clear additional domestic supply
- Targa's Mont Belvieu, Galena Park and Grand Prix businesses very well positioned

NGL Production<sup>(1)</sup>







# Growing NGL Footprint Feeds Grand Prix

## Increasing NGL production directs increasing volumes to Grand Prix and Targa's Downstream complex in Mont Belvieu

Existing Plants Total Gross NGL Production (MBbl/d) <sup>(1)</sup>	2018	Availability for Grand Prix
Permian	248	Varies <sup>(2)</sup>
SouthOK / North Texas	83	Near Term / Immediate
<b>Total Gross NGL Production from Existing Plants</b>	<b>331</b>	

Additional Production from New Plants	Capacity MMcf/d	Theoretical NGLs <sup>(3)</sup> MBbl/d	Availability for Grand Prix
<b>Permian Midland</b>			
Joyce <sup>(4)</sup>	200	25 - 30	Medium Term
Johnson <sup>(4)</sup>	200	25 - 30	Near Term
Hopson	250	30 - 35	Immediate
Pembrook	250	30 - 35	Immediate
<b>Permian Delaware</b>			
Oahu <sup>(4)</sup>	60	5 - 10	Immediate
Wildcat <sup>(4)</sup>	250	30 - 35	Immediate
Falcon	250	30 - 35	Immediate
Peregrine	250	30 - 35	Immediate
<b>Total Potential Gross NGLs from New Plants</b>	<b>1,710</b>	<b>205 - 245</b>	

<b>Additional NGL Volumes from Third Parties, Plants in Progress, Etc.</b>	
3rd Party Existing + New Plants in Progress	+
Including:	
Valiant Midstream	
EagleClaw Midstream	
Other Non-Public Third Party Commitments	
New Commercial Success	+
Existing Transport Commitments	-
Existing Contractual Limitations	-

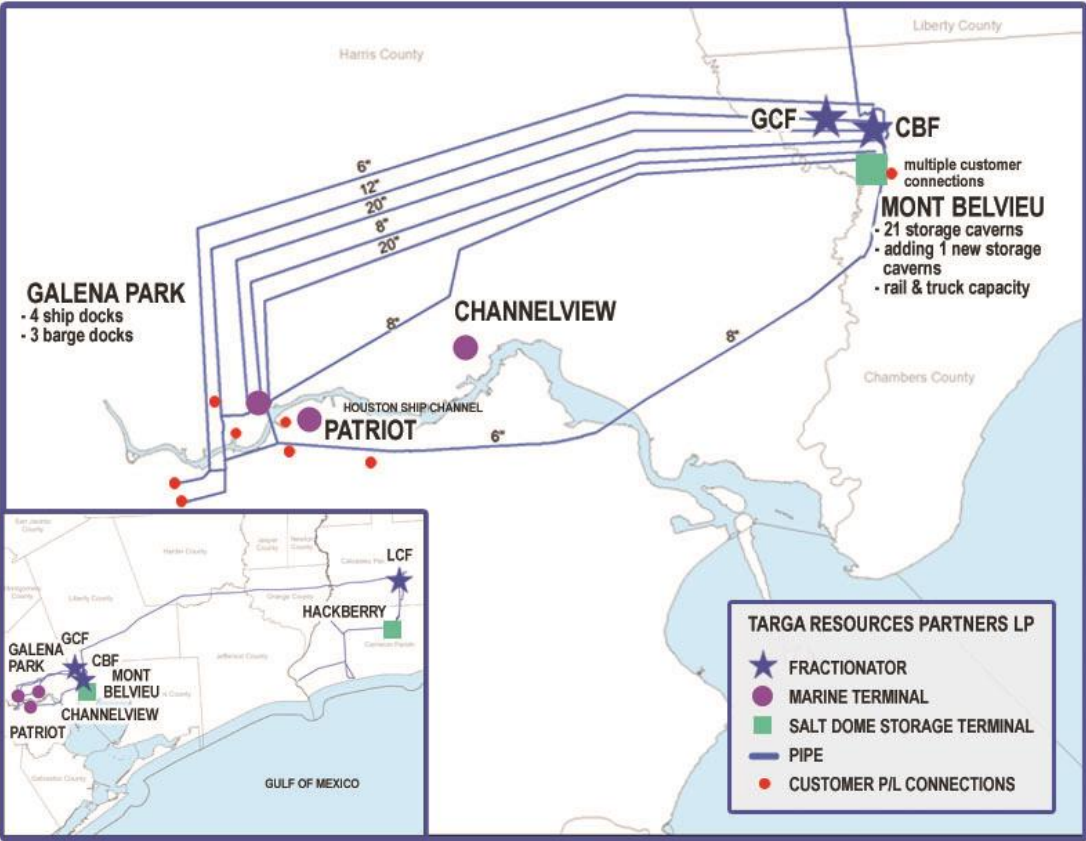
**Total Potential Volumes for Transport & Fractionation** **500+**

- Targa manages significant NGLs from its existing plants in the Permian, SouthOK and North Texas
- Some of the volumes will be available for immediate shipment on Grand Prix, while other volumes are subject to existing obligations on third party pipelines that will expire over time and other contractual limitations
- Given Targa's announced processing expansions underway in the Permian, and assuming an inlet GPM of 5 to 6, by 2020 Targa's new Permian plants will be capable of producing in excess of an incremental 230+ MBbl/d of NGLs

- Targa's gross NGL production from its plants is poised to increase to over 500 MBbl/d by the end of 2020
- Targa will have the ability to direct a meaningful portion of these NGL volumes to Grand Prix
- Additional third party commitments increases volume outlook
- As Targa's existing obligations on other third party pipelines expire, these NGL volumes will transition to Grand Prix



# Logistics Assets Exceedingly Difficult to Duplicate



Fractionators		Gross Capacity (MMbbl/d)	Net Capacity (MMbbl/d) <sup>(1)</sup>
Mont Belvieu <sup>(1)</sup>	CBF - Trains 1-3	253	223
	CBF - Backend Capacity	40	35
	CBF - Train 4	100	88
	CBF - Train 5	100	88
	Train 6	100	100
	Train 7 <sup>(2)</sup>	110	110
	Train 8 <sup>(2)</sup>	110	110
	GCF - Mont Belvieu	125	49
Total - Mont Belvieu		938	802
LCF - Lake Charles		55	55
Total		993	857

**Potential Fractionation Expansions**

Permit received for Train 9 incremental fractionation

## Other Assets

**Mont Belvieu**

- 35 MMbbl/d Low Sulfur/Benzene Treating Natural Gasoline Unit
- 23 Underground Storage Wells
- Pipeline Connectivity to Petchems/Refineries/LCF/etc.
- 7 Pipelines Connecting Mont Belvieu to Galena Park
- Rail and Truck Loading/Unloading Capabilities

## Other Gulf Coast Logistics Assets

- Channelview Terminal (Harris County, TX)
- Patriot Terminal (Harris County, TX)
- Hackberry Underground Storage (Cameron Parish, LA)

Galena Park Marine Terminal		
	Products	MMBbl/Month
Export Capacity	LEP / HD5 / NC4	~7.0
Other Assets		

700 MBbls in Above Ground Storage Tanks

4 Ship Docks

(1) Based on Targa's effective ownership interest

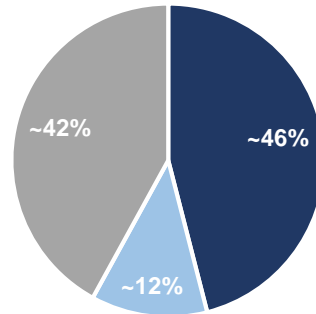
(2) Expansion underway to increase fractionation capacity by 220 MMbbl/d in Mont Belvieu; Train 7 expected to be complete in Q1 2020 and Train 8 expected to be complete in Q3 2020



# Targa's LPG Export Business

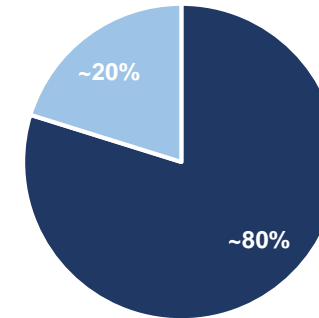


## LPG Exports by Destination<sup>(1)</sup>



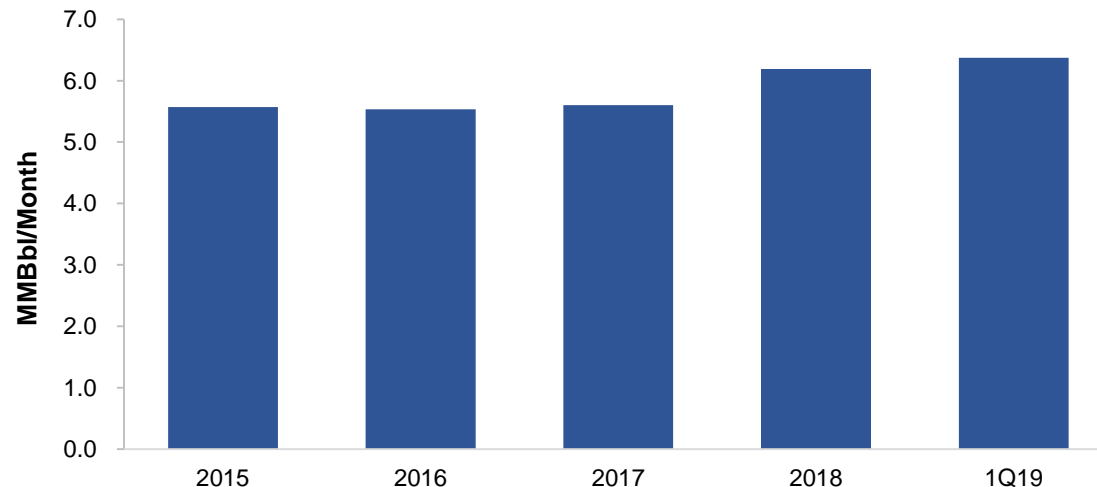
■ Latin America / South America ■ Caribbean ■ Rest of the World

## Propane and Butane Exports<sup>(1)</sup>



■ Propane ■ Butane

## Galena Park LPG Export Volumes



- Fee based business (charge fee for vessel loading)
- Targa advantaged versus some potential competitors given support infrastructure
  - ▶ Fractionation, storage, supply/market interconnectivity, refrigeration, de-ethanizers, etc.
- Differentiated facility versus other LPG export facilities due to operational flexibility on vessel size and cargo composition
- Effective operational capacity of ~7 MMBbl/month, prior to ongoing butane pipeline / dock enhancements
- Substantially contracted over the long-term at attractive rates
- **Low-cost expansion underway to substantially increase LPG export capacity to ~11 – 15 million barrels per month<sup>(2)</sup> in Q3 2020**

# Reconciliations

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# Non-GAAP Measures Reconciliation

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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 - 2014 to 2018 Adjusted EBITDA



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

Reconciliation of net income (loss) attributable to TRC to Adjusted EBITDA	Year Ended December 31,				
	2018	2017	2016	2015	2014
	(in millions)				
Net income (loss) to Targa Resources Corp.	\$ 2.4	\$ 54.0	\$ (187.3)	\$ 58.3	\$ 102.3
Impact of TRC/TRP Merger on NCI	-	-	(3.8)	(180.1)	283.3
Income attributable to TRP preferred limited partners	11.3	11.3	11.3	2.4	0.0
Interest expense, net	185.8	233.7	254.2	231.9	147.1
Income tax expense (benefit)	5.7	(397.1)	(100.6)	39.6	68.0
Depreciation and amortization expense	819.3	809.5	757.7	644.5	351.0
Impairment of property, plant and equipment	-	378.0	-	32.6	-
Goodwill impairment	210.0	-	207.0	290.0	0.0
(Gain) loss on sale or disposition of assets	(0.1)	15.9	6.1	(8.0)	(4.8)
(Gain) loss from financing activities	2.0	16.8	48.2	10.1	12.4
(Earnings) loss from unconsolidated affiliates	(7.3)	17.0	14.3	2.5	(18.0)
Distributions from unconsolidated affiliates and preferred partner interests, net	31.5	18.0	17.5	21.1	18.0
Change in contingent consideration	(8.8)	(99.6)	(0.4)	(1.2)	0.0
Compensation on TRP equity grants	56.3	42.3	29.7	25.0	14.3
Transaction costs related to business acquisitions	-	5.6	0.0	27.3	0.0
Splitter agreement <sup>(1)</sup>	75.2	43.0	10.8	0.0	0.0
Risk management activities	8.5	10.0	25.2	64.8	4.7
Other	-	-	0.0	0.6	0.0
Noncontrolling interest adjustment	(25.4)	(18.6)	(25.0)	(69.7)	(14.0)
<b>TRC Adjusted EBITDA</b>	<b>\$ 1,366.4</b>	<b>\$ 1,139.8</b>	<b>\$ 1,064.9</b>	<b>\$ 1,191.7</b>	<b>\$ 964.3</b>
Distributions to TRP preferred limited partners	(11.3)	(11.3)	(11.3)	(2.4)	0.0
Cash received from payments under Splitter Agreement	43.0	43.0	43.0	-	0.0
Splitter Agreement	(75.2)	(43.0)	(10.8)	-	0.0
Interest expenses on debt obligations, net	(252.5)	(224.3)	(263.8)	(253.3)	(135.5)
Cash tax (expense) benefit	-	46.7	20.9	(15.0)	(72.4)
Maintenance capital expenditures	(135.0)	(100.7)	(85.7)	(97.9)	(79.1)
Noncontrolling interests adjustments of maintenance capex	7.1	1.6	5.2	7.2	7.8
<b>TRC Distributable Cash Flow</b>	<b>\$ 942.5</b>	<b>\$ 851.8</b>	<b>\$ 762.4</b>	<b>\$ 830.3</b>	<b>\$ 685.1</b>

# Non-GAAP Reconciliations - 2007 to 2013 Adjusted EBITDA



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

Reconciliation of Net Income (Loss) attributable to Targa Resources Partners LP to Adjusted EBITDA:	Year Ended December 31,						
	2013	2012	2011	2010	2009	2008	2007
	(in millions)						
Net income attributable to Targa Resources Partners, LP	\$ 233.5	\$ 174.6	\$ 204.5	\$ 109.1	\$ (12.1)	\$ 202.1	\$ 4.3
Interest expense, net	131.0	116.8	107.7	110.8	159.8	156.1	153.7
Income tax expense	2.9	4.2	4.3	4.0	1.2	2.9	2.9
Depreciation and amortization expenses	271.6	197.3	178.2	176.2	166.7	156.8	143.6
Loss on sale or disposition of assets	3.9	15.6	-	-	-	-	-
Loss on debt redemptions and amendments	14.7	12.8	-	-	-	-	-
(Earnings) loss from unconsolidated affiliates <sup>(1)</sup>	(14.8)	(1.9)	(8.8)	(5.4)	(5.0)	(14.0)	(10.1)
Distributions from unconsolidated affiliates and preferred partner interests, net <sup>(1)</sup>	12.0	2.3	8.4	8.7	5.0	4.6	3.9
Change in contingent consideration	(15.3)	-	-	-	-	-	-
Compensation on equity grants <sup>(2)</sup>	6.0	3.6	1.5	0.4	0.3	0.3	0.2
Transaction costs related to business acquisitions <sup>(1)</sup>	-	6.1	-	-	-	-	-
Risk management activities	(0.5)	5.4	7.2	6.4	92.2	(88.5)	90.0
Noncontrolling interests adjustment <sup>(3)</sup>	(12.6)	(11.8)	(11.1)	(10.4)	(6.6)	(3.1)	(2.1)
<b>Targa Resources Partners LP, Adjusted EBITDA</b>	<b>\$ 632.4</b>	<b>\$ 525.0</b>	<b>\$ 491.9</b>	<b>\$ 399.8</b>	<b>\$ 401.5</b>	<b>\$ 417.2</b>	<b>\$ 386.4</b>

(1) The definition of Adjusted EBITDA was revised in 2015 to exclude earnings from unconsolidated investments net of distribution and transactions costs related to business acquisitions. This revision has been applied retrospectively through 2007.

(2) Compensation expense on equity grants was a TRC-only adjustment prior to 2014. This adjustment has been applied retrospectively to TRP through 2007 for comparability.

(3) Noncontrolling interest portion of depreciation and amortization expense.



# Non-GAAP Reconciliations - Estimated 2019 Adjusted EBITDA<sup>(1)</sup>



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 Adjusted EBITDA	Year Ended December 31,	
	2019	
	(In millions)	
Net income attributable to TRC	\$	44.0
Income attributable to TRP preferred limited partners		11.3
Interest expense, net		330.0
Income tax expense (benefit)		0.0
Depreciation and amortization expense		925.0
(Earnings) loss from unconsolidated affiliates		(30.0)
Distributions from unconsolidated affiliates and preferred partner interests, net		50.0
Compensation on equity grants		60.0
Noncontrolling interest adjustment <sup>(2)</sup>		(40.3)
<b>TRC Estimated Adjusted EBITDA</b>	<b>\$</b>	<b>1,350.0</b>

# Longer-Term Outlook (*Published November 2018*)

## Non-GAAP Reconciliations - Estimated 2020 and 2021 Adjusted EBITDA



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 Adjusted EBITDA	2020	2021
	(In millions)	
Net income attributable to TRC	\$ 634.0	\$ 859.0
Income attributable to TRP preferred limited partners	11.3	11.3
Interest expense, net	425.0	450.0
Income tax expense (benefit)	0.0	0.0
Depreciation and amortization expense	950.0	975.0
(Earnings) loss from unconsolidated affiliates	(90.0)	(90.0)
Distributions from unconsolidated affiliates and preferred partner interests, net	85.0	85.0
Compensation on TRP equity grants	60.0	60.0
Noncontrolling interest adjustment	(50.3)	(50.3)
<b>TRC Estimated Adjusted EBITDA</b>	<b>\$ 2,025.0</b>	<b>\$ 2,300.0</b>



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► Visit us at [targaresources.com](http://targaresources.com)

**Contact Information:**

Email: [InvestorRelations@targaresources.com](mailto:InvestorRelations@targaresources.com)

Phone: (713) 584-1000

811 Louisiana Street

Suite 2100

Houston, TX 77002

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