

Inter Pipeline Reports Third Quarter 2019 Financial and Operating Results

CALGARY, ALBERTA, NOVEMBER 7, 2019: Inter Pipeline Ltd. (“Inter Pipeline”) (TSX: IPL) today announced its financial and operating results for the three and nine month periods ended September 30, 2019.

Third Quarter Highlights

- Funds from operations (FFO) totaled \$204 million
- Net income for the quarter was \$80 million
- Declared cash dividends of \$178 million or \$0.43 per share
- Quarterly payout ratio* of 87 percent
- Total pipeline throughput averaged 1,367,400 barrels per day (b/d)
- Bulk liquid storage utilization rates rose to 92 percent during the quarter, up from 74 percent in the third quarter of 2018
- Construction of the Viking Connector, a new 75-kilometer pipeline for Inter Pipeline’s conventional pipelines business, began in July 2019
- Progress at the \$3.5 billion Heartland Petrochemical Complex site continues to track according to budgetary and schedule targets

* Please refer to the “Non-GAAP Financial Measures” section of the MD&A.

Financial Performance

Inter Pipeline generated funds from operations of \$204.4 million in the third quarter of 2019, compared to \$299.7 million in the third quarter of 2018. For the third quarter of 2019, Inter Pipeline’s four business segments generated funds from operations as follows:

<i>Funds from operations (millions)</i>	<i>Three Months Ended September 30, 2019</i>
Oil sands transportation	\$152.5
NGL processing	\$46.2
Conventional oil pipelines	\$39.7
Bulk liquid storage	\$30.5

“Our oil sands transportation business continued to deliver strong, stable results, and we saw significantly improved results from our European storage operations,” stated Christian Bayle, Inter Pipeline’s President and CEO. “However, as expected, our quarterly cash flows were impacted by planned large-scale turnaround activities at three of our NGL Processing facilities, as well as, depressed frac-spread pricing.”

Corporate costs for the quarter increased \$10.5 million to \$64.5 million as a result of higher financing charges, external services and employee costs.

Cash Dividends

Dividend payments to shareholders totaled \$177.5 million, or \$0.43 per share in the third quarter of 2019 representing an increase from \$163.3 million for the same period in 2018. Inter Pipeline's monthly dividend rate is \$0.1425 per share, or \$1.71 per share on an annualized basis.

Inter Pipeline's payout ratio for the quarter was 86.8 percent.

Oil Sands Transportation

Funds from operations for the oil sands transportation business in the third quarter of 2019 were \$152.5 million, an increase of \$2.2 million compared to the third quarter of 2018. Inter Pipeline generates cash flow from this business from a variety of long-term, cost-of-service contracts and is not materially impacted by throughput volume fluctuations.

Average throughput volume of 1,183,500 b/d was realized during the third quarter, a decrease of 43,700 b/d compared to the same period in 2018. The volume decrease was primarily due to third-party operational issues and the continuation of the Government of Alberta's oil production curtailment program.

<i>Volumes (000 b/d)</i>	<i>Three Months Ended September 30, 2019</i>
Cold Lake	547.6
Corridor	422.0
Polaris	213.9

NGL Processing

NGL processing funds from operations were \$46.2 million for the third quarter of 2019 compared to the quarterly record of \$134.8 million in the same period one year ago. Planned turnaround activities at several processing facilities led to materially higher maintenance costs and lower sales volumes, impacting cash flow for the quarter. Lower olefinic and paraffinic frac-spreads also contributed to the weaker results.

Inter Pipeline successfully completed planned turnaround activities at the Redwater Olefinic Fractionator (ROF), Pioneer I and II offgas plants in the third quarter of 2019. The facilities were offline for approximately three weeks which coincided with turnarounds at third-party upgraders. The Pioneer I and Pioneer II offgas plants processed an average of 129 million cubic feet of natural gas per day during the third quarter. Average NGL sales volume from ROF was 25,900 b/d down from 32,300 b/d in the same period of 2018.

Natural gas processed at the Cochrane and Empress straddle plants during the quarter was strong at 3.21 billion cubic feet per day, an increase of approximately 155 million cubic feet per day over the same period in 2018. Approximately 105,900 b/d of ethane and propane-plus was extracted during the quarter, an increase of 8,200 b/d compared to the third quarter of 2018.

<i>Frac-spread (USD/USG)</i>	<i>Three Months Ended September 30, 2019</i>
Cochrane propane-plus	\$0.45
Offgas Olefinic*	\$0.98
Offgas Paraffinic*	(\$0.01)
*Price after applicable benchmark adjustment	

Heartland Petrochemical Complex

In the third quarter, \$337.6 million was invested in the Heartland Complex for the procurement of materials and construction services. Construction activities continued to advance according to cost and schedule targets, with the total capital incurred on the project now at approximately \$1.9 billion.

Milestones for the third quarter include completing piling activities with approximately 6,500 pilings installed, commencing structural steel erection for the polypropylene plant, and installing the first major components of the central utility block. The last major equipment lifts for the complex were also completed in the quarter with the installation of the propane dehydrogenation flare stack and the 300-tonne polypropylene purge bin.

Conventional Oil Pipelines

Inter Pipeline's conventional oil pipeline business generated funds from operations of \$39.7 million, a decrease of \$14.1 million on lower throughput volume and a decline in midstream marketing activities.

Volume on Inter Pipeline's three conventional gathering systems averaged 183,900 b/d for the third quarter, compared to 214,300 b/d in the third quarter of 2018. Volume on the Bow River system increased 4,300 b/d or five percent to 100,200 compared to the same period in 2018 due to stronger producer activity. Volume on the Central Alberta pipeline system decreased by seven percent to 29,900 b/d due to a decline in sour crude volume, which was partially offset by new sweet crude batching activities that began in late 2018. Volume on the Mid Saskatchewan pipeline system decreased 32,500 b/d due to increased competition in the region, inclement weather and reduced drilling activity during the quarter.

Inter Pipeline is currently advancing a multi-phase expansion of its Central Alberta pipeline system. The first phase of this program, an \$82 million expansion of Inter Pipeline's crude terminal near Stettler, Alberta, is progressing on schedule and budget. As part of this initial phase, two new truck risers have been constructed and placed in service in October providing 10,000 b/d of incremental unloading capacity. The remaining project scope includes the construction of two 130,000 barrel crude oil storage tanks which are expected to enter service by mid-2020.

Construction is also underway on the \$100 million Viking Connector, the recently announced second phase of this expansion program. This 75-kilometer pipeline will connect Inter Pipeline's Throne Station on the Bow River pipeline system to the Central Alberta pipeline system in the Stettler area. This project is expected to add an additional 10,000 to 15,000 b/d of throughput volume to the Central Alberta system starting in the first half of 2020.

Bulk Liquid Storage

Inter Pipeline's bulk liquid storage segment generated strong funds from operations of \$30.5 million in the quarter, compared to \$14.8 million in the third quarter of 2018. This year-over-year improvement was primarily the result of the newly acquired storage business in the United Kingdom and the Netherlands as

well as additional storage contracts secured in Denmark. Overall, the average storage utilization rate during the third quarter improved materially to 92 percent compared to 74 percent for the same period a year ago.

Inter Pipeline announced in August that it is engaged in a structured process to explore the potential sale of this business. The process is on-going and there are no material updates at this time. Should a sale be completed, potential proceeds would be used to reduce debt and finance our capital expenditure program, including the Heartland Petrochemical Complex.

Financing Activity

Inter Pipeline continues to maintain a strong balance sheet with significant liquidity available on its committed revolving credit facility.

On August 30, 2019, Inter Pipeline announced it had fully drawn a new \$500 million one-year term credit facility with proceeds used to partially repay amounts outstanding under its existing \$1.5 billion revolving credit facility, thus reducing borrowing costs. As at September 30, 2019, Inter Pipeline had approximately \$1.2 billion of available capacity on its revolving credit facility and a consolidated net debt to total capitalization ratio* of 46.5 percent.

Inter Pipeline also maintains strong investment grade credit ratings. Standard & Poor's and DBRS Limited have assigned Inter Pipeline credit ratings of BBB+ and BBB, respectively.

Conference Call and Webcast

Inter Pipeline will hold its third quarter 2019 financial and operating results conference call and webcast on November 8 at 9:00 a.m. MT (11:00 a.m. ET) for interested shareholders, analysts and media representatives.

To participate in the conference call, please dial 1 (888) 231-8191. A replay of the conference call will be available until November 15, 2019 by calling 1 (855) 859-2056. The conference ID and code for the replay is 8829797.

Select Financial and Operating Highlights

(millions of dollars, except per share and percent amounts where noted)

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Operating Results				
Pipeline volumes (000 b/d)				
Oil sands transportation	1,183.5	1,227.2	1,180.3	1,229.0
Conventional oil pipelines	<u>183.9</u>	<u>214.3</u>	<u>185.3</u>	<u>206.7</u>
Total pipeline	1,367.4	1,441.5	1,365.6	1,435.7
NGL processing volumes ¹ (000 b/d)				
Ethane	62.2	56.1	64.6	54.7
Propane-plus	43.7	41.6	45.0	43.1
Redwater Olefinic Fractionator sales volume	<u>25.9</u>	<u>32.3</u>	<u>31.3</u>	<u>31.0</u>
Total NGL processing	131.8	130.0	140.9	128.8
Bulk liquid storage capacity utilization	92%	74%	84%	80%

Financial Results

Revenue	\$590.8	\$685.0	\$1,891.3	\$1,962.0
Funds from operations				
Oil sands transportation	\$152.5	\$150.3	\$449.8	\$449.2
NGL processing	\$46.2	\$134.8	\$186.3	\$334.7
Conventional oil pipelines	\$39.7	\$53.8	\$123.4	\$152.7
Bulk liquid storage	\$30.5	\$14.8	\$84.2	\$50.9
Corporate costs	<u>\$(64.5)</u>	<u>\$(54.0)</u>	<u>\$(187.6)</u>	<u>\$(172.1)</u>
Total funds from operations	\$204.4	\$299.7	\$656.1	\$815.4
Per share ²	\$0.49	\$0.77	\$1.60	\$2.12
Net Income	\$79.9	\$169.4	\$438.5	\$448.2
Per share - basic & diluted	\$0.19	\$0.44	\$1.07	\$1.16

Supplemental Financial Information

Cash dividends declared	\$177.5	\$163.3	\$527.1	\$485.7
Per share ³	\$0.4275	\$0.4200	\$1.2825	\$1.2600
Payout ratio ²	86.8%	54.5%	80.3%	59.6%
Capital expenditures				
Growth ²	\$428.8	\$229.9	\$1,109.2	\$561.5
Sustaining ²	<u>\$13.4</u>	<u>\$24.7</u>	<u>\$44.1</u>	<u>\$45.6</u>
Total capital expenditures	\$442.2	\$254.6	\$1,153.3	\$607.1

1. Empress V NGL production reported on a 100% basis.

2. Please refer to the NON-GAAP FINANCIAL MEASURES section.

3. Dividends to shareholders per share are calculated based on the number of common shares outstanding at each record date.

MD&A, Financial Statements & Notes

The Management's Discussion and Analysis ("MD&A") and consolidated financial statements provide a detailed explanation of Inter Pipeline's operating results for the three and nine month periods ended September 30, 2019 as compared to the three and nine month periods ended September 30, 2018. These documents are available at www.interpipeline.com and at www.sedar.com.

Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, natural gas liquids processing, and bulk liquid storage business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada and Europe. Inter Pipeline is a member of the S&P/TSX 60 Index and its common shares trade on the Toronto Stock Exchange under the symbol IPL. www.interpipeline.com

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Disclaimer

Certain information contained herein may constitute forward-looking statements that involve known and unknown risks, assumptions, uncertainties and other factors. Forward-looking statements in this news release include, but are not limited to: (i) timing, cost and anticipated benefits of capital projects (including the HPC and the multi-phase expansion of its Central Alberta pipeline system); (ii) the potential sale of the European bulk liquid storage business and the use of the proceeds to reduce debt and finance our capital expenditure program (including the HPC); and (iii) Inter Pipeline's ability to maintain its: strong balance sheet with significant liquidity available on its committed revolving credit facility; credit ratings; and current level of dividends to its shareholders. Readers are cautioned not to place undue reliance on forward-looking statements, as such statements are not guarantees of future performance. Inter Pipeline in no manner represents that actual results, levels of activity and achievements will be the same in whole or in part as those set out in the forward-looking statements herein. Such information, although considered reasonable by Inter Pipeline at the time of preparation, may later prove to be incorrect and actual results may differ materially from those anticipated in the statements made. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements often contain terms such as "may", "will", "should", "anticipate", "expects" and similar expressions. Such assumptions, risks, uncertainties and other factors include, but are not limited to, risks and assumptions associated with operations, such as Inter Pipeline's ability to successfully implement its strategic initiatives and achieve expected benefits, including the further development of its pipeline systems and other facilities; assumptions concerning operational reliability; Inter Pipeline's ability to maintain its investment grade credit ratings; the availability and price of labour, equipment and construction materials; the status, credit risk and continued existence of customers having contracts with Inter Pipeline and its affiliates; availability of energy commodities; volatility of and assumptions regarding prices of energy commodities; competitive factors, pricing pressures and supply and demand in the oil and gas transportation, natural gas liquids processing and storage industries; assumptions based upon Inter Pipeline's current guidance; fluctuations in currency and interest rates; inflation; the ability to access sufficient capital from internal and external sources; risks and uncertainties associated with Inter Pipeline's ability to maintain its current level of cash dividends to its shareholders; risks inherent in Inter Pipeline's Canadian and foreign operations; risks of war, hostilities, civil insurrection, instability and political and economic conditions in or affecting countries in which Inter Pipeline and its affiliates operate; severe weather conditions; terrorist threats; risks associated with technology; Inter Pipeline's ability to generate sufficient cash flow from operations to meet its current and future obligations; Inter Pipeline's ability to access external sources of debt and equity capital; general economic and business conditions; the potential delays of and costs of overruns on construction projects, including, but not limited to Inter Pipeline's current pipeline, petrochemical, NGL processing and terminal storage projects and future expansions of Inter Pipeline's assets; risks associated with the failure to finalize formal agreements with counterparties in circumstances where letters of intent or similar agreements have been executed and announced by Inter Pipeline; Inter Pipeline's ability to make capital investments and the amounts of capital investments; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to Inter Pipeline's business; the risks associated with existing and potential or threatened future lawsuits and regulatory actions against Inter Pipeline and its affiliates; increases in maintenance, operating or financing costs; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals or land access rights and maintenance of support of such approvals and rights; the timing, financing and completion of acquisitions and other projects Inter Pipeline is developing; the realization of the anticipated benefits of acquisitions and other projects Inter Pipeline is

developing; and such other risks and uncertainties described from time to time in Inter Pipeline's reports and filings with the Canadian securities authorities. The impact of any one assumption, risk, uncertainty or other factor on a particular forward-looking statement cannot be determined with certainty, as these are interdependent and Inter Pipeline's future course of action depends on management's assessment of all information available at the relevant time. You can find a discussion of those risks and uncertainties in Inter Pipeline's securities filings at www.sedar.com. Readers are cautioned that the foregoing list of assumptions, risks, uncertainties and factors is not exhaustive. The forward-looking statements contained in this news release are made as of the date of this document, and, except to the extent required by applicable securities laws and regulations, Inter Pipeline assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this document and all subsequent forward-looking statements, whether written or oral, attributable to Inter Pipeline or persons acting on Inter Pipeline's behalf are expressly qualified in their entirety by these cautionary statements.

Non- GAAP Financial Measures

Certain financial measures referred to in this news release are not measures recognized by GAAP. These non-GAAP financial measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. Investors are cautioned that these non-GAAP financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP.