

Inter Pipeline Announces Reduction to Monthly Cash Dividend, Suspension of Dividend Reinvestment Plan and Business Update

CALGARY, ALBERTA, March 30, 2020: Inter Pipeline Ltd. (“Inter Pipeline”) (TSX:IPL) announced today measures to provide greater financial strength and flexibility for its capital program in response to the significant decrease in global energy prices and the COVID-19 pandemic.

In summary, these measures include:

- Dividend reduction of 72%
- Suspension of the Premium Dividend™ and Dividend Reinvestment Plan
- Suspension of the European Bulk Liquid Storage sales process
- Expense reductions including compensation adjustments for management and the board of directors
- Exploring partnership opportunities on the Heartland Petrochemical Complex

Dividend Reduction and Dividend Reinvestment Plan Suspension

The board of directors has conducted a comprehensive review of the dividend policy and approved a 72 percent reduction to the monthly cash dividend from \$0.1425 per share to \$0.04 per share, or \$0.48 per share on an annualized basis. The new declared dividend will be paid on or about May 15, 2020 to shareholders of record on April 22, 2020. Inter Pipeline’s dividend payments to shareholders are designated as “eligible dividends” for Canadian tax purposes.

Inter Pipeline has also suspended its Premium Dividend™ and Dividend Reinvestment Plan (“DRIP”). Both the dividend reinvestment and premium dividend components of the DRIP have been suspended and will not be in effect for any future dividends declared, until further notice. Shareholders who have been participating in either component of the DRIP will receive the full cash dividend declared beginning with the May 2020 payment.

“The cost-of-service and fee-based cash flow from our pipeline and storage franchises are resilient as history has shown over many economic cycles,” stated Christian Bayle, Inter Pipeline’s President and Chief Executive Officer. “It is important to be clear that the decision of the board of directors to reset the dividend in no way reflects a lack of confidence in our core businesses. However, we are currently in a unique and very challenging business environment driven by the COVID-19 pandemic and oil supply conflict between OPEC+ member nations.

“Against this difficult backdrop, Inter Pipeline has a large and well-advanced capital program focused on the development of the Heartland Petrochemical Complex. Well considered action to improve our financial flexibility was necessary and the Board has determined that retained cash flow is the most effective form of equity financing for our capital program.

“The reduction in the dividend results in annualized cash savings of approximately \$525 million, which positions us to self-fund the remaining equity portion of the financing requirements of the Heartland Complex without the need for external equity or DRIP financing.”

Inter Pipeline holds delivering a meaningful and sustainable dividend to its shareholders as a core business objective and will look for opportunities to increase the dividend in the future as business conditions permit.

Bulk Liquid Storage Sale Process Suspended

“Despite being at an advanced stage of this process, we have made the decision to suspend sale activities,” commented Bayle. “Europe, like the rest of the world, is urgently addressing the COVID-19 pandemic. All European countries we operate in have recently implemented sensible measures to greatly restrict travel and human contact. Potential purchasers of this business have been significantly affected which has had a material impact on the execution of our process.

“This is clearly not the right environment to pursue and complete a major pan-European transaction, though we may revisit this process at a later date.”

On a positive note, the severe decline of energy related commodity prices and return of strong contango pricing has notably benefited Inter Pipeline’s European operations. Demand for product storage is very high and utilization rates are currently approximately 95% across this business unit. For context, Inter Pipeline’s European operations generated over \$100 million of take-or-pay and fee-based cash flow in 2019.

Additional Expense Reductions

Along with the previously announced reduction of its 2020 capital program related to non-Heartland Complex expenditures, Inter Pipeline has also implemented additional measures to restrict discretionary spending across the organization as well as lower fixed costs. As part of this effort the following actions will be taken effective April 1, 2020:

- President and Chief Executive Officer salary to be reduced by 20 percent;
- All other executive salaries to be reduced by 10 percent; and
- Board of Directors cash retainer reduced by 15 percent.

Inter Pipeline will continue to investigate additional operating and administrative expense containment and efficiency measures to lower its cost structure and further strengthen its business fundamentals.

Heartland Petrochemical Complex

Construction at the Heartland Petrochemical Complex is on-going and, to date, there have been no reported COVID-19 cases on our site. Robust controls have been implemented across our construction site in alignment with rules and recommendations from government agencies and public health authorities. It should be noted that our construction activities fall into the category of “essential services” under the recent Government of Alberta declarations addressing the COVID-19 pandemic.

“I am very pleased with the strong collaboration between the unions, construction contractors and Inter Pipeline to continue to maintain a safe and productive worksite in these unprecedented circumstances,” remarked Bayle. “We will continue to work together to assess the evolving landscape and will continue to take the necessary steps to safeguard our workforce.

“Additionally, since Inter Pipeline sanctioned the Heartland Project in late 2017, I have been asked by stakeholders if we would consider bringing a partner into this project given its scope and scale. I can confirm that in late 2019 we began a process to secure a partner to take a material interest in this project. That process remains active and ongoing.

“Heartland is a remarkable project which we believe will provide substantial benefits for all our stakeholders. It has been our belief that the halfway point of the project’s construction was the opportune time to solicit interest from potential strategic partners in the project. A partner would benefit from joining a very well-developed world-scale petrochemical project with substantial commercial advantages, and we would benefit from lowering our project concentration exposure.

“Originally it was our intention to keep this process confidential as there can be no certainty that a definitive agreement will be reached, and a transaction will be completed. However, in light of the current business environment and to be as transparent as possible, we have determined that informing our stakeholders of the existence of a process is the best course of action. As such, I am pleased to report that we have interested parties, however the pace of progress will inevitably be slowed by the impacts of COVID-19.”

In the interim, Inter Pipeline continues to execute the Heartland Petrochemical Project on a stand-alone basis and plans to operate under a self-funding equity model for the remainder of construction. Inter Pipeline remains well positioned to earn \$450 million to \$500 million in long-term average annual EBITDA from this project once it is in-service.

About 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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Reader Advisories and Cautionary Statements

Forward-Looking Statements

Certain information contained herein may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities legislation that involve known and unknown risks, assumptions, uncertainties and other factors. Forward-looking statements often contain terms such as "may", "will", "should", "anticipate", "expects" and similar expressions. Readers are cautioned not to place undue reliance on forward-looking statements, including, but not limited to, statements regarding: our business strategy and plans including the impact thereon due to COVID-19 and the rapid decrease in global energy prices; the continued suspension of the dividend reinvestment and premium dividend components of the DRIP; the resiliency of the cost-of-service and fee-based cash flow from our pipeline and storage franchises; the confidence in our core businesses; benefits to be derived from actions to improve our financial strength and flexibility; the anticipated annualized cash savings resulting from the reduction in our dividend and the ability to self fund the remaining equity portion of the financing requirements of the Heartland Complex without the need for common share issuances; the ability to deliver a meaningful and sustainable dividend to shareholders as a core business objective; pursuing opportunities to increase the dividend in the future; plans to revisit the bulk liquids storage sale process at a later date; plans to continue to investigate additional operating and administrative expense containment and efficiency measures to lower our cost structure and further strengthen our business fundamentals; the ability to maintain a safe and productive worksite at and to continue with the construction of the Heartland Complex in light of COVID-19; the ability to obtain a partner in the Heartland Petrochemical Project and the nature and timing and completion of this process; the benefits to be derived to all stakeholders from the Heartland Petrochemical Project including any future partner including the commercial advantages and the benefit from

lowering our project concentration exposure; the continued ability to execute the Heartland Petrochemical Project on a stand-alone basis and plans to operate under an equity self-funding model for the remainder of construction; and projected long-term annual EBITDA levels resulting from the Heartland Petrochemical Project; top priorities; financial position and cash flows; and the amount, timing and allocation of our 2020 capital expenditure program and the budgets for and timing of completion of various capital projects. Such statements reflect the current views of Inter Pipeline with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause Inter Pipeline's results to differ materially from those expressed in the forward-looking statements. Factors that could cause actual results to vary from forward-looking information or may affect the operations, performance, development and results of Inter Pipeline's businesses include, among other things, risks and assumptions associated with operations, such as Inter Pipeline's ability to successfully implement its strategic initiatives and achieve the expected benefits therefrom, including the further development of its projects and facilities; assumptions concerning operational reliability; the potential delays of and costs of overruns on construction projects and future expansions of Inter Pipeline's assets; the realization of the anticipated benefits of acquisitions and other projects Inter Pipeline is developing; the timing, financing and completion of acquisitions and other projects Inter Pipeline is developing; risks inherent in Inter Pipeline's Canadian and foreign operations; 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 generate sufficient cash flow from operations to meet its current and future obligations; Inter Pipeline's ability to maintain its current level of cash dividends to its shareholders; Inter Pipeline's ability to access sources of debt and equity capital; Inter Pipeline's ability to make capital investments and the amounts of capital investments; Inter Pipeline's ability to maintain its credit ratings; the availability and price of labour, equipment and construction materials; the status, credit risk and continued existence of counterparties having contracts with Inter Pipeline and its affiliates and their performance of such contracts; competitive factors, pricing pressures and supply and demand in the oil and gas transportation, natural gas liquids processing and storage industries; 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; 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 and risks related to climate change; terrorist threats; risks associated with technology; availability of energy commodities; volatility of and assumptions regarding prices of energy commodities; fluctuations in currency and interest rates; 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; general economic and business conditions; the effects and impacts of the COVID-19 pandemic as further described below, the extent and duration of which are uncertain at this time, on Inter Pipeline's business and general economic and business conditions and markets, and such other risks and uncertainties described from time to time in Inter Pipeline's reports and filings with the Canadian securities authorities.

In particular and without limitation of the foregoing, the recent outbreak of COVID-19 has had a negative impact on global financial conditions. Inter Pipeline cannot accurately predict the impact COVID-19 will have on its ability to execute its business plans in response to government public health efforts to contain COVID-19 and to obtain financing or third parties' ability to meet their contractual obligations with Inter Pipeline, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected jurisdictions; and future demand for Inter Pipeline's services. In the event that the prevalence of COVID-19 continues to increase (or fears in respect of COVID-19 continue to increase), governments may increase regulations and restrictions regarding the flow of labour or products, and travel bans, and Inter Pipeline's operations, suppliers and customers, and ability to advance its projects or carry out its ongoing business plan, could be adversely affected. In particular, should any employees or consultants of Inter Pipeline become infected with COVID-19 or similar pathogens, it could have a material negative impact on the Inter Pipeline's operations, prospects, business, financial condition and results of operations.

Further, without limitation of the foregoing, future dividend payments, if any, and the level thereof is uncertain, as Inter Pipeline's dividend policy and the funds available for the payment of dividends from time to time is dependent upon, among other things, available funds from operations, financial requirements for Inter Pipeline's operations and the execution of its growth strategy, fluctuations in working capital and the timing and amount of capital expenditures, debt service requirements and other factors beyond Inter Pipeline's control. The ability of Inter Pipeline to pay dividends is subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and contractual restrictions contained in the instruments governing its indebtedness, including its credit facilities.

The estimate of future EBITDA in this news release may be considered to be future-oriented financial information or a financial outlook under applicable securities laws and are based on the assumptions and factors set out above. The future-oriented financial information and financial outlook contained in this news release have been approved by

management as of the date of this news release. Readers are cautioned that any such financial outlook and future oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. Many of the risk factors and other assumptions related to the forward-looking information are discussed further in Inter Pipeline's most recent MD&A and Annual Information Form, and other documents it files from time to time. You can find these documents by referring to Inter Pipeline's profile on SEDAR (www.sedar.com). As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information. 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 are deemed to be forward-looking statements. 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 law, 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 are expressly qualified by this cautionary note.

Non-GAAP Financial Measures

EBITDA is not a measure recognized by GAAP. This non-GAAP financial measure does not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. Investors are cautioned that this non-GAAP financial measure should not be construed as an alternative to other measures of financial performance calculated in accordance with GAAP such as net income. EBITDA is expressed as net income before financing charges, income taxes, depreciation and amortization. See our most recent MD&A for an example of the reconciliation of EBITDA to net income.

Currency

All dollar values are expressed in Canadian dollars unless otherwise noted.