inter pipeline **News Release**

Inter Pipeline Announces Record 2018 Financial and Operating Results

CALGARY, ALBERTA, FEBRUARY 14, 2019: Inter Pipeline Ltd. ("Inter Pipeline") (TSX: IPL) today announced financial and operating results for the three and twelve-month periods ended December 31, 2018.

2018 Highlights

- Annual funds from operations (FFO) totaled a record $1.1 billion, a 10 percent increase over 2017
- NGL processing business generated record annual FFO of $455 million
- Net income increased 12 percent to a record $593 million
- Declared cash dividends of $655 million, or $1.69 per share
- Attractive annual payout ratio[1] of 60 percent
- Announced our 10th consecutive annual dividend increase to $1.71 per share
- Total pipeline throughput volumes averaged a record 1,426,900 barrels per day (b/d)
- Divested the Heartland Petrochemical Complex's (HPC) $600 million Central Utility Block reducing the HPC's overall capital cost obligation
- Acquired NuStar Europe bulk liquid storage business for USD$270 million
- Approved an $82 million expansion project for the Central Alberta pipeline system crude terminal near Stettler, Alberta

Fourth Quarter 2018 Highlights

- Strong quarterly FFO of $273 million
- Attractive quarterly payout ratio* of 62 percent
- Declared cash dividends of $170 million, or $0.43 per share
- Average throughput volumes for oil sands and conventional pipeline systems were 1,400,600 b/d
- NGL sales volumes at Redwater averaged a quarterly record 37,000 b/d
- Completed fabrication of several major components of the Heartland Petrochemical Complex

Financial Performance

Inter Pipeline generated record financial results in 2018, with funds from operations increasing by $98.1 million or 10 percent over 2017, to $1,088.7 million. This increase was primarily driven by record performance in the NGL processing business, which benefitted from strong frac-spread pricing and higher sales volumes throughout the year.

Fourth quarter funds from operations also reflect the ongoing strength within Inter Pipeline's NGL processing

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[1] Please refer to the NON-GAAP FINANCIAL MEASURES section

business, reaching $273.3 million, up approximately $5.5 million compared to the fourth quarter of 2017. NGL processing FFO during the quarter increased to $120.1 million, up 32 percent over Q4 2017 due to higher sales volumes and frac-spread pricing.

"Inter Pipeline's record financial results demonstrates the quality of our diverse portfolio of businesses," commented Christian Bayle, Inter Pipeline's President and Chief Executive Officer.

"Furthermore, the record performance of our NGL processing franchise positioned us to re-invest significant cash flow back into the business, most notably for the ongoing development on the Heartland Project. Inter Pipeline also remained committed to returning meaningful payments to shareholders, increasing its dividend last November for the 10th consecutive year."

For the fourth quarter and full year 2018, Inter Pipeline's four business segments generated funds from operations as follows:

Funds from operations (millions)	*Three Months Ended December 31, 2018*	*Twelve Months Ended December 31, 2018*
Oil sands transportation	$150.8	$600.0
NGL processing	$120.1	$454.8
Conventional oil pipelines	$24.9	$177.6
Bulk liquid storage	$15.0	$65.9

Corporate costs including employee, financing and tax expenses for the three and twelve months ended December 31, 2018 were $37.5 million and $209.6 million, respectively.

Cash Dividends

In 2018, dividend payments to shareholders were a record $655.4 million or $1.685 per share, resulting in an attractive annual payout ratio of 60.2 percent. In November, Inter Pipeline announced its 10th consecutive annual dividend increase to $1.71 per share annually, representing an increase of $0.03 per share. Inter Pipeline's current monthly dividend rate is $0.1425 per share.

In the fourth quarter, Inter Pipeline declared dividends of $169.7 million, or $0.425 per share, resulting in a quarterly payout ratio of 62.1 percent.

Oil Sands Transportation

Inter Pipeline's largest business segment, oil sands transportation, continued to generate stable operating and financial results. Annual funds from operations were $600 million and consistent with $608 million earned in 2017. Total bitumen blend and diluent volumes averaged a record 1,225,800 b/d for the year, a four percent increase over 2017.

In the fourth quarter of 2018, funds from operations were $150.8 million, similar to the $154.5 generated in 2017. Average throughput volumes increased by 4,600 b/d over the fourth quarter of 2017 to 1,216,400 b/d with all systems except Cold Lake recording increases.

Volumes (000 b/d)	*Three Months Ended December 31, 2018*	*Twelve Months Ended December 31, 2018*
Cold Lake	573.1	578.9
Corridor	393.9	399.3
Polaris	249.4	247.6

NGL Processing

NGL processing generated record annual funds from operations of $454.8 million, a $175.2 million increase over 2017. In the fourth quarter of 2018, this business generated $120.1 million in FFO, a 32 percent increase over the fourth quarter of 2017. These results were positively influenced by increased frac-spread pricing and strong sales volumes in both our natural gas and offgas processing operations.

Annual natural gas flows to the Cochrane and Empress straddle plants increased 22 percent compared to 2017. In aggregate, approximately 3.3 billion cubic feet per day of natural gas was processed, extracting 102,100 b/d of ethane and propane-plus. Average sales volumes from the Redwater Olefinic Fractionator increased 10 percent over the same period a year ago, to a record 32,500 b/d during 2018.

During the fourth quarter, natural gas flows to the Cochrane and Empress straddle plants remained strong. Approximately 3.8 billion cubic feet per day of gas was processed, a 28 percent increase over the same period a year ago. Ethane and propane-plus volumes extracted at the straddle plants averaged 115,100 b/d. Average sales volumes from the Redwater Olefinic Fractionator increased to 37,000 b/d for the fourth quarter of 2018, representing a nine percent increase over the fourth quarter of 2017.

Frac-spread (USD/USG)	*Three Months Ended December 31, 2018*	*Twelve Months Ended December 31, 2018*
Cochrane propane-plus	$0.74	$0.83
Offgas Olefinic*	$1.14	$1.27
Offgas Paraffinic*	$0.41	$0.43
*Price after applicable benchmark adjustment		

Heartland Petrochemical Complex

In 2018, Inter Pipeline's Heartland Petrochemical Complex reached significant milestones with total incurred spending for the project surpassing $1 billion in the fourth quarter. Installation of modular components of the propane dehydrogenation (PDH) plant and fabrication of major vessels were completed on schedule and budget. Inter Pipeline also divested the $600 million Central Utility Block, which provides steam, power and other utilities to the complex, significantly lowering the total capital cost obligation.

In the fourth quarter, Inter Pipeline invested approximately $244 million of capital into this project. Once the Heartland Complex begins producing polypropylene in late 2021, Inter Pipeline expects to earn approximately $450 to $500 million per year in long-term average annual EBITDA.

Conventional Oil Pipelines

Funds from operations for Inter Pipeline's conventional oil pipelines business segment were $177.6 million during 2018, down 17 percent from 2017. This is primarily the result of weaker performance in the fourth quarter.

Total throughput averaged 201,100 b/d in 2018, down modestly from 2017 results. Volume increases on the Central Alberta pipeline system were offset by declines in throughput on the Mid-Saskatchewan pipeline system.

Funds from operations for the quarter were $24.9 million, down approximately 50 percent from the comparable quarter in 2017. Increased competition and downstream apportionment issues reduced throughput volume, which negatively impacted quarterly results. In addition, the unprecedented widening of crude oil pricing differentials in November and December also affected midstream marketing activities.

During the fourth quarter Central Alberta pipeline throughput increased 25 percent over the same period a year ago to 32,300 b/d and Bow River volume also rose approximately nine percent to 95,600 b/d. Mid-Saskatchewan volumes declined 38 percent to 56,300 b/d in comparison to the fourth quarter of 2017. Approximately two-thirds of the decline was due to competition from another feeder pipeline with the remaining volumes impacted by downstream apportionment issues.

Earlier in 2018, Inter Pipeline announced plans to construct an $82 million expansion of its Stettler Crude Oil terminal. The project continues to advance according to cost and schedule targets and is expected to enter service in phases beginning in mid-2019. When complete in mid-2020, the terminal will be able to service growing production from the East Duvernay light oil basin and other emerging oil plays in Alberta's south-central region.

Bulk Liquid Storage

As expected, funds from operations in Inter Pipeline's bulk liquid storage business were down from $97.6 million in 2017to $65.9 million in 2018. Storage demand for certain petroleum products in Europe continued to be impacted by a backwardated commodity pricing environment. Average utilization rates during 2018 were 77 percent compared to 96 percent in 2017.

Funds from operations for the quarter were $15.0 million down from $20.9 million in 2017. On November 30, 2018 Inter Pipeline completed the acquisition of NuStar Energy, L.P.'s European bulk liquid storage business for USD $270 million. The acquired business consists of seven high-quality storage terminals strategically located throughout the United Kingdom and within the Port of Amsterdam. Historically, these assets have generated stable cash flow that is underpinned by a variety of cost-of-service and fee-based contracts.

Utilization in the quarter averaged 68 percent across all terminals. Terminals in Sweden, the United Kingdom, the Netherlands and Germany all posted rates in excess of 90 percent. Unfavorable market conditions continued to impact Danish operations resulting in depressed utilization rates. However, recent contracts have improved rates, particularly in Denmark. Utilization rates rose to 78 percent across all European terminals in January 2019.

Financing Activity

Inter Pipeline continues to maintain a strong balance sheet and investment grade credit ratings. As at December 31, 2018, Inter Pipeline's consolidated net debt to total capitalization ratio* was 51.8 percent, compared to 53.5 percent as at December 31, 2017. Standard & Poor's and DBRS Limited have assigned Inter Pipeline investment grade credit ratings of BBB+ and BBB, respectively.

Director Resignation

Inter Pipeline also announces that Mr. David Fesyk has resigned from its board of directors. Mr. Fesyk served as CEO of Inter Pipeline, and its predecessor companies, from 1997 to January 1, 2014, and he continued to serve on the board for five years following his retirement as CEO. Inter Pipeline and its board sincerely thank Mr. Fesyk for his outstanding contributions to the company's strong operational and financial performance while serving as an officer and director and wish him well in his future endeavours.

Conference Call and Webcast

Inter Pipeline will hold its year-end and fourth quarter 2018 financial and operating results conference call and webcast on February 15, 2019 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. The conference ID is 7276635. A replay of the conference call will be available until February 22, 2019 by calling 1 (855) 859-2056. The code for the replay is 7276635. A link to the webcast is available on Inter Pipeline's website.

Select Financial and Operating Highlights

(millions of dollars, except per share & percent where noted)	Three Months Ended December 31		Twelve Months Ended December 31	
Operating Results	2018	2017	2018	2017
Pipeline volumes (000 b/d)				
Oil sands transportation	1,216.4	1,211.8	1,225.8	1,182.6
Conventional oil pipelines	184.2	204.5	201.1	208.0
Total pipeline	1,400.6	1,416.3	1,426.9	1,390.6
NGL processing volumes[1] (000 b/d)				
Ethane	65.4	53.3	57.4	51.6
Propane-plus	49.7	40.4	44.7	37.6
Redwater Olefinic Fractionator sales volume	37.0	34.0	32.5	29.6
Total NGL processing	152.1	127.7	134.6	118.8
Bulk liquid storage capacity utilization	68%	91%	77%	96%
Financial Results				
Revenue	$630.9	$618.3	$2,592.9	$2,260.6
Funds from operations				
Oil sands transportation	$150.8	$154.5	$600.0	$607.9
NGL processing	$120.1	$91.2	$454.8	$279.6
Conventional oil pipelines	$24.9	$53.7	$177.6	$214.3
Bulk liquid storage	$15.0	$20.9	$65.9	$97.6
Corporate costs	$(37.5)	$(52.5)	$(209.6)	$(208.8)
Total funds from operations	$273.3	$267.8	$1,088.7	$990.6
Per share[2]	$0.68	$0.71	$2.80	$2.65
Net Income	$144.3	$141.9	$592.5	$526.7
Per share - basic & diluted	$0.36	$0.37	$1.53	$1.41
Adjusted EBITDA[2]	$307.4	$311.1	$1,245.3	$1,149.1
Supplemental Financial Information				
Cash dividends declared	$169.7	$157.2	$655.4	$609.9
Per share[3]	$0.425	$0.415	$1.685	$1.630
Payout ratio[2]	62.1%	58.7%	60.2%	61.6%
Capital expenditures				
Growth[2]	$314.3	$113.2	$875.8	$333.0
Sustaining[2]	$28.9	$21.2	$74.5	$67.5
Total capital expenditures	$343.2	$134.4	$950.3	$400.5

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.*

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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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) statements regarding the Heartland Petrochemical Complex including its expected long-term average EBITDA and the expansion of the Stettler Crude Oil terminal, including the timing of construction and fabrication activities, sourcing of components, costs, and in-service dates for each project; (ii) the anticipated benefits of the NuStar Europe acquisition and the growth opportunities associated therewith; (iii) the potential for improved utilization rates across all European terminals; and (iv) Inter Pipeline's ability to maintain a strong balance sheet, 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.