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News Release

Inter Pipeline First Quarter 2019 Financial and Operating Results

CALGARY, ALBERTA, MAY 9, 2019: Inter Pipeline Ltd. ("Inter Pipeline") (TSX: IPL) today announced financial and operating results for the three-month period ended March 31, 2019.

First Quarter Highlights

- Funds from operations (FFO) totalled $212 million
- Net income for the quarter was $98 million
- Declared cash dividends of $174 million, or $0.43 per share
- Quarterly payout ratio* of 82 percent
- Total pipeline throughput volume averaged 1,386,600 barrels per day (b/d)
- Heartland Petrochemical Complex (HPC) continues to progress on-time and on-budget with the propane propylene splitter and the polypropylene reactor now successfully installed at site
- Issued $750 million of hybrid notes to support the financing plan for HPC

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

Financial Performance

Inter Pipeline generated first quarter of 2019 funds from operations of $211.5 million, $42.7 million lower than the first quarter of 2018. The decrease was primarily the result of lower performance in the NGL processing business, which was impacted by lower frac-spread pricing. Reduced FFO in our conventional oil gathering business also contributed to the year over year decline.

"During the first quarter, our oil sands transportation business continued to generate strong, stable cash flow and financial results from European storage improved meaningfully with the addition of the recently acquired UK and Amsterdam terminals," commented Christian Bayle, Inter Pipeline's President and Chief Executive Officer. "Our NGL processing business did face several challenges in the quarter however, including a much weaker commodity pricing environment.

"We were pleased to complete our inaugural issuance of $750 million hybrid notes, which is an important financing instrument for our Heartland Petrochemical Complex. Construction work on this transformational project continues to proceed safely, on time and on budget."

As at March 31, 2019, Inter Pipeline's four business segments generated funds from operations as follows:

Funds from operations (millions)	*Three Months Ended March 31, 2019*
Oil sands transportation	$147.6
NGL processing	$68.0
Conventional oil pipelines	$34.1
Bulk liquid storage	$26.8

Corporate costs, including employee, financing and tax expenses, were $65.0 million in the first quarter of 2019 compared to $62.7 million in the first quarter of 2018.

Cash Dividends

Dividend payments to shareholders increased $13.5 million to $173.9 million, or $0.428 per share in the first quarter of 2019 over the same period in 2018. Inter Pipeline's current 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 82.2 percent.

Oil Sands Transportation

Inter Pipeline's oil sands transportation business delivered strong financial results in the first quarter 2019. Funds from operations were $147.6 million during the quarter, in line with $148.9 million during the same period in 2018.

Average total throughput volume for the first quarter was 1,199,500 b/d, down six percent over the same period a year ago. Volume on the Cold Lake, Polaris and Corridor pipeline systems declined year-over-year primarily due to reduced oil sands project production resulting from government mandated production curtailments and various producer operational issues.

Construction of the new $110 million diluent and bitumen blend connection to the Canadian Natural Kirby North oil sands project continues to advance with an expected in-service date of mid-2019, approximately six months ahead of schedule. When completed, the new connection will provide highly stable, long term cash flow to Inter Pipeline which is not dependent on actual volume shipped.

Volume (000 b/d)	*Three Months Ended March 31, 2019*
Cold Lake	558.7
Corridor	402.9
Polaris	237.9

NGL Processing

NGL processing generated $68.0 million in funds from operations during the first quarter of 2019, down from $98.6 million a year ago. This result was primarily due to lower frac spreads for natural gas and offgas liquids and higher fuel and power costs. In addition, sales at the Redwater Olefinic Fractionator were negatively impacted by rail logistic issues and a change in the timing of revenue recognition related to polymer grade propylene sales.

Natural gas processed at the Cochrane and Empress straddle plants during the quarter increased to 3.86 billion cubic feet per day, an increase of 400 million cubic feet per day over the comparable period in 2018. Approximately 121,700 b/d of ethane and propane-plus was extracted during the quarter, an increase of 11,200 b/d compared to the first quarter of 2018. Average sales volume from the Redwater Olefinic Fractionator increased to 35,500 b/d for the quarter, representing an eight percent increase over the first quarter of 2018.

Frac-spread (USD/USG)	*Three Months Ended March 31, 2019*
Cochrane propane-plus	$0.59
Offgas Olefinic*	$0.68
Offgas Paraffinic*	$0.25
*Price after applicable benchmark adjustment	

Heartland Petrochemical Complex

In the first quarter of 2019, $232.4 million was invested in construction activities for the Heartland Petrochemical Complex, bringing the total capital incurred to approximately $1.3 billion.

In early January, Inter Pipeline and Mammoet collaborated to successfully transport four large vessels from fabrication shops in Edmonton, Alberta to the construction site. This milestone included the shipment of the propane propylene splitter and the polypropylene reactor which are core components of the Complex. Additional modules continue to arrive at site as construction on the propane dehydrogenation plant progresses. The piling program for the integrated polypropylene plant is also well underway in advance of the summer construction season.

In March 2019, Inter Pipeline was awarded $49 million through the Government of Canada's Strategic Innovation Fund, a program designed to support new business investment in Canada.

Conventional Oil Pipelines

Funds from operations for Inter Pipeline's conventional oil pipelines business segment were $34.1 million during the first quarter of 2019, compared to $50.7 million a year ago.

Increased competition and downstream apportionment issues reduced overall throughput volume for the business and impacted midstream marketing activities in the quarter. Going forward, midstream marketing margins are expected to improve due to lower product costs.

Volume on Inter Pipeline's three conventional gathering systems averaged 187,100 b/d for the first quarter, a decrease of 22,300 b/d over the first quarter of 2018 and slightly higher than the prior quarter. Volume on the Central Alberta pipeline system increased by 5,700 b/d to 29,700 b/d and Bow River volume increased by 9,900 b/d to 98,200 b/d. Volume on the Mid-Saskatchewan pipeline system decreased 38,000 b/d to 59,200 b/d in the quarter due to increased competition in the region and downstream apportionment issues.

The $82 million Stettler expansion project on the Central Alberta pipeline system continues to advance towards a first-phase in service date of mid-2019. When fully complete in mid-2020, the expanded facility will service growing production from the East Duvernay light oil basin and other emerging oil plays and is expected to generate approximately $20 million in incremental annual EBITDA.

Bulk Liquid Storage

Inter Pipeline's bulk liquid storage business generated funds from operations of $26.8 million in the quarter, a $8.1 million improvement over the first quarter of 2018. The first quarter of 2019 included $8.4 million of FFO from our recently acquired bulk liquid storage business in the United Kingdom and the Netherlands, which operated at a 95 percent utilization rate.

During the first quarter of 2019, the average storage utilization rate across all terminals was 78 percent compared to 82 percent for the same period in 2018, and 68 percent in the prior quarter. A backwardated pricing environment for certain petroleum products continues to impact utilization rates, particularly at our Danish terminals. However, several new storage agreements were executed in this quarter which has materially improved utilization rates in Denmark and customer interest remains strong in advance of new ship bunker fuel regulations that come into effect in January 2020.

Financing Activity

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

In March 2019, Inter Pipeline issued $750 million of long-term subordinated hybrid notes at 6.875 percent. Net proceeds of the offering were used to repay indebtedness under Inter Pipeline's revolving credit facility and fund organic growth projects, principally the Heartland Petrochemical Complex.

As at March 31, 2019, Inter Pipeline had approximately $1.1 billion of capacity on its $1.5 billion revolving credit facility and a consolidated net debt to total capitalization ratio* of 44.2 percent compared to 51.8 percent at December 31, 2018.

Inter Pipeline 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

A conference call and webcast have been scheduled for May 10, 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. A replay of the conference call will be available until May 17, 2019 by calling 1 (855) 859-2056. The code for the replay is 2556857. A link to the webcast and updated investor relations presentation are available on Inter Pipeline's website.

Select Financial and Operating Highlights

(millions of dollars, except per share and percent amounts where noted)	Three Months Ended March 31	
Operating Results	2019	2018
Pipeline volume (000 b/d)		
Oil sands transportation	1,199.5	1,279.0
Conventional oil pipelines	187.1	209.4
Total pipeline	1,386.6	1,488.4
NGL processing volume[1] (000 b/d)		
Ethane	72.2	64.2
Propane-plus	49.5	46.3
Redwater Olefinic Fractionator sales volume	35.5	33.0
Total NGL processing	157.2	143.5
Bulk liquid storage capacity utilization	78%	82%
Financial Results		
Revenue	$658.9	$646.0
Funds from operations		
Oil sands transportation	$147.6	$148.9
NGL processing	$68.0	$98.6
Conventional oil pipelines	$34.1	$50.7
Bulk liquid storage	$26.8	$18.7
Corporate costs	$(65.0)	$(62.7)
Total funds from operations	$211.5	$254.2
Per share[2]	$0.52	$0.67
Net Income	$98.3	$142.7
Per share - basic & diluted	$0.24	$0.37
Supplemental Financial Information		
Cash dividends declared	$173.9	$160.4
Per share[3]	$0.428	$0.420
Payout ratio[2]	82.2%	63.1%
Capital expenditures		
Growth[2]	$303.0	$146.1
Sustaining[2]	$11.9	$6.1
Total capital expenditures	$314.9	$152.2

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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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 Heartland Petrochemical Complex, the pipeline connections to the Canadian Natural Kirby North oil sands project and the Stettler expansion project on the Central Alberta pipeline system) including expected incremental annual EBITDA; (ii) the expectation of midstream marketing margins to improve due to lower product costs; (iii) storage customer interest in advance of new ship bunker fuel regulations; and (iv) Inter Pipeline's belief that it is well positioned to maintain its 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.