

## Inter Pipeline Announces Record Third Quarter 2015 Financial and Operating Results

**CALGARY, ALBERTA, NOVEMBER 5, 2015:** Inter Pipeline Ltd. (“Inter Pipeline”) (TSX: IPL) announced today record financial and operating results for the three and nine month periods ended September 30, 2015.

### Third Quarter Highlights

- Generated record funds from operations\* of \$205 million, or \$0.61 per share, a 46 percent increase over the third quarter of 2014
- Record funds from operations in oil sands transportation of \$146 million, up 77 percent compared to third quarter 2014
- Bulk liquid storage funds from operations for the quarter increased by 46 percent, to \$29 million, as a result of strong utilization rates and the Inter Terminals Sweden acquisition
- Declared cash dividends of \$124 million or \$0.3675 per share
- Quarterly payout ratio\* of 64 percent
- Net income rose to a new quarterly record of \$128 million, a gain of \$33 million over third quarter 2014 results
- Record total pipeline throughput volumes averaging 1,329,300 barrels per day (b/d)
- Average European bulk liquid storage utilization rates improved to 93 percent during the quarter from 78 percent in the same period in 2014

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

### Financial Performance

For the fifth consecutive quarter, Inter Pipeline has generated record financial results. In the third quarter of 2015, funds from operations totaled \$205.2 million or \$0.61 per share, a \$64.2 million gain compared to the same period in 2014. Inter Pipeline’s strong results were largely driven by record financial performance within the oil sands transportation business segment. Two major oil sands pipeline expansions entered commercial service in the first quarter of 2015 providing significant incremental cash flow to Inter Pipeline.

In the third quarter 2015, Inter Pipeline’s four business segments generated funds from operations as follows:

<i>Funds from operations (millions)</i>	<i>Three Months Ended September 30, 2015</i>
Oil sands transportation	\$146.1
Conventional oil pipelines	\$49.8
Bulk liquid storage	\$29.0
NGL extraction	\$23.6

Corporate costs for the quarter, including interest, income tax and general and administrative charges were \$43.3 million.

**Cash Dividends**

Dividend payments to Inter Pipeline shareholders totaled \$123.5 million or \$0.3675 per share, representing a 14 percent increase over the same period in 2014. Inter Pipeline's payout ratio for the quarter was an attractive 63.6 percent compared to 76.6 percent in the third quarter of 2014.

**Oil Sands Transportation**

Inter Pipeline's oil sands transportation segment continues to generate record operating and financial results. Funds from operations increased 77 percent for the third quarter 2015 to a record \$146.1 million, representing a gain of approximately \$64 million over third quarter 2014 results.

The substantial increase in funds from operations is the result of key expansions on the Cold Lake and Polaris pipeline systems which entered service in 2015. Over the course of the year, Inter Pipeline has completed new connections to the FCCL Foster Creek and Christina Lake oil sands projects and the Athabasca Oil Corporation Hangingstone oil sands project. A capacity expansion of the Polaris pipeline system was also completed in support of the second phase of the Kearl oil sands project operated by an affiliate of Imperial Oil.

Throughput volumes within this business segment were a record 1,119,900 b/d, a 19 percent increase compared to shipments in the third quarter of 2014. Volumes transported by pipeline system in the current quarter were as follows:

<i>Volumes (b/d)</i>	<i>Three Months Ended September 30, 2015</i>
Cold Lake	577,800
Corridor	409,100
Polaris	133,000

Cold Lake pipeline system volumes increased by 79,300 b/d or 15.9 percent in the current quarter over the same period in 2014 as a result of strong production growth from Imperial Oil, FCCL and Canadian Natural Resources. Corridor pipeline system volumes increased 26,500 b/d or 7 percent in the third quarter 2015 over the same period in 2014.

Polaris pipeline system volumes increased 71,800 b/d or 117 percent over the third quarter 2014. Strong diluent demand from the Kearl oil sands project and the new Hangingstone connection drove the increase in deliveries.

**Conventional Oil Pipelines**

Funds from operations in the quarter totaled \$49.8 million within the conventional oil gathering segment. This performance was similar to the comparable quarter in 2014.

Throughput on Inter Pipeline's three conventional gathering systems totaled 209,400 b/d, representing an increase of approximately 3 percent compared to the third quarter of 2014. Despite a weak oil price environment, horizontal drilling and multi-stage fracturing activity in the Viking formation in Saskatchewan continues to underpin higher aggregate throughput volumes.

On the Mid-Saskatchewan pipeline system, transportation volumes increased by approximately 9,200 b/d to 75,100 b/d in the quarter, but were negatively impacted by maintenance activities on a downstream third-party pipeline. Inter Pipeline expects

volume growth to continue to build over time due to strong producer activity. In mid-2015 Inter Pipeline commissioned a \$112 million expansion on the Mid-Saskatchewan pipeline system to provide additional delivery capacity.

### **Bulk Liquid Storage**

Inter Pipeline's bulk liquid storage segment generated record funds from operations of \$29.0 million in the third quarter of 2015, compared to \$19.8 million in the third quarter of 2014. This 46 percent increase was largely due to improved storage utilization rates, as well as the cash flow contribution from Inter Terminals Sweden which was acquired in June 2015.

Overall utilization rates in the third quarter of 2015 remained high, averaging 93 percent, compared to 78 percent in the third quarter of 2014. Stronger contango pricing relationships in certain petroleum product futures markets continue to drive higher utilization rates particularly in Inter Terminal's Danish operations.

### **NGL Extraction**

Third quarter 2015 NGL extraction financial results continued to be impacted by lower frac-spread pricing on propane-plus sales at Inter Pipeline's Cochrane extraction facility, partially offset by higher production of NGL products. Funds from operations totaled \$23.6 million in the third quarter of 2015, compared to \$34.4 million in the third quarter of 2014. In the quarter, realized frac-spread prices averaged US \$0.28 per US gallon, down from US \$0.80 in the same period last year.

Natural gas flows to Inter Pipeline's extraction facilities remained strong in the quarter. Facilities at Cochrane and Empress processed 2.7 billion cubic feet per day of natural gas, extracting 102,800 b/d of natural gas liquids. This is approximately 22,000 b/d higher than the third quarter 2014.

### **Financial Position**

Inter Pipeline continues to maintain a strong balance sheet with significant liquidity available on its committed revolving credit facility. As at September 30, 2015, Inter Pipeline had \$550 million of capacity on its \$1,250 million credit facility. At quarter end, Inter Pipeline's consolidated debt to total capitalization ratio\*, which excludes \$1,549.2million of non-recourse debt related to Inter Pipeline (Corridor) Inc., was 53.6 percent, compared to 51.2 percent as at September 30, 2014.

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 (high), respectively.

### **Conference Call & Webcast**

Inter Pipeline will hold a conference call and webcast on November 6 at 9:00 a.m. (Mountain Time) / 11:00 a.m. (Eastern Time) to discuss its third quarter 2015 financial and operating results.

To participate in the conference call, please dial 416-340-2216 or 800-355-4959. A pass code is not required. A recording of the call will be available for replay until November 12, 2015 by dialing 905-694-9451 or 800-408-3053. The pass code for the replay is 1075494.

A webcast of the conference call can be accessed on Inter Pipeline's website at [www.interpipeline.com/investor/events.cfm](http://www.interpipeline.com/investor/events.cfm). An archived version of the webcast will be available for approximately 90 days.

## 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,	
	2015	2014	2015	2014
<b>Throughput and Production</b>				
Pipeline volumes (000 b/d)				
Oil sands transportation <sup>1</sup>	1,119.9	942.3	1,023.9	875.5
Conventional oil pipelines	<u>209.4</u>	<u>202.6</u>	<u>210.7</u>	<u>202.4</u>
Total pipeline volumes	1,329.3	1,144.9	1,234.6	1,077.9
Extraction production <sup>1</sup> (000 b/d)				
Ethane	62.0	48.2	63.0	61.6
Propane plus	<u>40.8</u>	<u>33.0</u>	<u>39.0</u>	<u>34.1</u>
Total extraction production	102.8	81.2	102.0	95.7
<b>Financial Results<sup>3</sup></b>				
Revenue	\$424.2	\$379.6	\$1,220.6	\$1,166.2
Funds from operations <sup>2</sup>				
Oil sands transportation	\$146.1	\$82.5	\$411.3	\$208.9
Conventional oil pipelines	\$49.8	\$48.7	\$143.1	\$144.3
Bulk liquid storage	\$29.0	\$19.8	\$70.1	\$59.6
NGL extraction	\$23.6	\$34.4	\$75.6	\$117.6
Corporate costs	<u>\$(43.3)</u>	<u>\$(44.4)</u>	<u>\$(137.4)</u>	<u>\$(126.1)</u>
Total funds from operations <sup>2</sup>	\$205.2	\$141.0	\$562.7	\$404.3
Per share <sup>2</sup>	\$0.61	\$0.43	\$1.68	\$1.27
Net Income	\$128.4	\$95.0	\$325.0	\$269.9
<b>Supplemental Financial Information</b>				
Net income attributable to shareholders	\$118.7	\$91.4	\$297.7	\$259.2
Per share - basic	\$0.35	\$0.28	\$0.89	\$0.81
- diluted	\$0.35	\$0.28	\$0.89	\$0.80
Cash dividends declared	\$123.5	\$104.7	\$368.4	\$308.2
Per share	\$0.3675	\$0.3225	\$1.1025	\$0.9675
Payout ratio <sup>2</sup>	63.6%	76.6%	69.3%	78.6%
Capital expenditures <sup>2,3</sup>				
Growth	\$39.3	\$256.3	\$239.6	\$1,044.8
Sustaining	<u>\$16.4</u>	<u>\$12.0</u>	<u>\$35.9</u>	<u>\$28.4</u>
Total capital expenditures	\$55.7	\$268.3	\$275.5	\$1,073.2

1. Empress V NGL production and Cold Lake volumes reported on a 100% basis.

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

3. Amounts reported on a 100% basis that includes non-controlling interest.

### 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, 2015 as compared to the three and nine month periods ended September 30, 2014. These documents are available at [www.interpipeline.com](http://www.interpipeline.com) and at [www.sedar.com](http://www.sedar.com).

## Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, natural gas liquids extraction, 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](http://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, statements regarding timing and completion of, and EBITDA Inter Pipeline expects to generate from current projects, including the Mid-Saskatchewan expansion project, as well as future projects. 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 oil sands pipeline systems; assumptions concerning operational reliability; the availability and price of labour 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 natural gas and oil transportation, ethane transportation and natural gas liquids extraction 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 projects and future expansions of Inter Pipeline's pipeline systems; 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 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 and maintenance of support of such approvals; 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](http://www.sedar.com). 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 are expressly qualified by this cautionary note.

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

## 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.