

Inter Pipeline Announces Record Third Quarter 2017 Financial Results

CALGARY, ALBERTA, **November 9, 2017**: Inter Pipeline Ltd. (“Inter Pipeline”) (TSX: IPL) announced today record financial and strong operating results for the three and nine month periods ended September 30, 2017.

Third Quarter Highlights

- Funds from operations (FFO) totalled \$269 million, a new quarterly record and a 27 percent increase over third quarter 2016
- Generated record net income for the quarter of \$143 million, a 17 percent increase over the same period in 2016
- Declared cash dividends of \$152 million, or approximately \$0.41 per share
- Attractive quarterly payout ratio* of 56.6 percent
- Total pipeline throughput volumes averaged 1,359,100 barrels per day (b/d)
- Connections to provide oil sands transportation service to both the North West Redwater Sturgeon Refinery and the Canadian Diluent Hub were placed into commercial service
- European bulk liquid storage utilization rates averaged 95 percent during the quarter

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

Financial Performance

Funds from operations were \$268.9 million or \$0.72 per share for the third quarter of 2017, an increase of \$57.5 million over the third quarter 2016. These results were largely driven by record funds from operations in our oil sands transportation and conventional oil pipeline gathering businesses. NGL processing also generated strong results with the inclusion of the offgas processing business, as well as higher realized frac-spreads.

For the third quarter 2017, Inter Pipeline’s four business segments generated funds from operations as follows:

<i>Funds from operations (millions)</i>	<i>Three Months Ended Sept. 30, 2017</i>
Oil sands transportation	\$160.6
NGL processing	\$78.1
Conventional oil pipelines	\$54.5
Bulk liquid storage	\$25.2

Third quarter 2017 corporate costs were \$49.5 million, compared to \$38.9 million for the same period in 2016 due primarily to higher financing and increased general and administrative charges.

Cash Dividends

In the third quarter of 2017, dividend payments to shareholders were \$152.1 million or \$0.405 per share, an increase of \$20.7 million compared to the same period in 2016.

Inter Pipeline's payout ratio for the quarter was an attractive 56.6 percent, compared to 64.8 percent in the third quarter of 2016.

Oil Sands Transportation

The oil sands transportation business segment generated record funds from operations during the third quarter of 2017. FFO totalled \$160.6 million, up 13 percent or \$18.3 million compared to third quarter 2016, primarily due to new supply connections and lower income tax expense resulting from tax synergies related to the 2016 offgas processing acquisition.

Average throughput volumes across all oil pipeline systems were 1,147,100 b/d, an increase of 53,800 b/d, or approximately five percent, over the third quarter of 2016. Volumes on the Cold Lake pipeline system increased by 36,400 b/d, compared to the third quarter of 2016, due to volume increases from all shippers. Corridor's throughput decreased by 4,700 b/d to 418,500 b/d largely due to a scheduled turnaround at the Jackpine mine. Polaris volumes increased by 16 percent or 22,100 b/d for the third quarter 2017 compared to the same period a year earlier, on higher deliveries to the Foster Creek, Kearl and Sunrise oil sands projects.

<i>Volumes (000 b/d)</i>	<i>Three Months Ended Sept. 30, 2017</i>
Cold Lake	571.7
Corridor	418.5
Polaris	156.9

Two connections were placed into commercial service in the quarter at a combined capital investment of approximately \$22 million. The first connection provides bitumen blend transportation service from the Cold Lake pipeline system to North West Redwater Partnership's Sturgeon Refinery. The second is a diluent supply connection on the Polaris pipeline system to Pembina Pipeline's Canadian Diluent Hub. Both of these projects are underpinned by long-term cost of service agreements.

NGL Processing

Inter Pipeline's NGL processing business generated \$78.1 million of funds from operations in the third quarter. This represents a 172 percent increase compared to \$28.7 million in the third quarter of 2016 when results included only eight days of offgas processing operations. This year-over-year improvement was primarily the result of strong performance by the offgas processing business which contributed \$41.7 million to FFO and strong frac-spread pricing.

Propane-plus realized frac-spread pricing for volumes sold at the Cochrane straddle plant in the third quarter of 2017 was \$0.72 USD per US gallon or almost double the \$0.37 USD per US gallon realized in the third quarter of 2016. Olefinic and parafinic realized frac-spreads, from offgas processing operations were approximately \$1.16 and \$0.35 USD per US gallon, respectively.

An average of 2.6 billion cubic feet per day of natural gas was processed and 83,800 b/d of ethane and propane-plus was extracted from the Cochrane and Empress V straddle plants in the third quarter 2017. Average sales volumes from the Redwater olefinic fractionator were 31,900 b/d during the quarter.

Inter Pipeline is continuing to place a high priority on advancing the commercial contracting of its proposed \$3.1 billion integrated propane dehydrogenation (PDH) and polypropylene (PP) complex. Negotiations with potential counterparties for long-term contracts with strong “take or pay” features are proceeding, and an investment decision is anticipated before the end 2017. If sanctioned, operations are expected to begin in the second half of 2021. Approximately \$44 million of growth capital was invested in the third quarter of 2017 to advance this project.

Conventional Oil Pipelines

Inter Pipeline’s conventional oil pipelines business segment generated record funds from operations of \$54.5 million for the quarter, up 11 percent or \$5.4 million, compared to the same period in 2016. This was a result of higher volumes transported on the Mid-Saskatchewan and Bow River pipeline systems and strong performance from midstream marketing activities.

Inter Pipeline’s three conventional gathering systems had total average throughput volumes of 212,000 b/d in the third quarter 2017, representing approximately a 10 percent increase over the same period a year ago. Increased light oil production from the Viking formation led to a 27 percent improvement in volumes shipped on the Mid-Saskatchewan pipeline system. Volumes on the Bow River pipeline system increased by approximately four percent in response to stronger drilling activity and higher southbound transmission volumes originating from Hardisty, Alberta.

Bulk Liquid Storage

Inter Pipeline’s bulk liquid storage segment generated funds from operations of \$25.2 million in the third quarter of 2017, a decrease from \$30.2 million in the third quarter of 2016. The decline was primarily as a result of slightly lower contracted tank capacity, and a weakening contango pricing environment for certain petroleum products that impacted activity levels in our Danish operations.

Overall utilization rates remained strong at 95 percent this quarter, though down from 98 percent in the same period last year.

Financing Activity

Inter Pipeline continues to maintain a strong balance sheet with significant liquidity available on its committed revolving credit facility. As at September 30, 2017, Inter Pipeline had \$890 million of capacity on its \$1.5 billion revolving credit facility.

Inter Pipeline's consolidated net debt to total capitalization ratio* was 54.7 percent, at September 30, 2017, compared to 57.2 percent at December 31, 2016.

Inter Pipeline has 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 its third quarter 2017 financial and operating results conference call and webcast on November 10 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 1-844-413-0863 or 216-562-0455. The conference ID is 92207278. A replay of the conference call will be available until November 19, 2017 by calling 1-855-859-2056. The code for the replay is 92207278.

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	
Operating	2017	2016	2017	2016
Pipeline volumes (000 b/d)				
Oil sands transportation ¹	1,147.1	1,093.3	1,172.8	1,070.1
Conventional oil pipelines	<u>212.0</u>	<u>192.8</u>	<u>209.1</u>	<u>200.8</u>
Total pipeline	1,359.1	1,286.1	1,381.9	1,270.9
NGL processing volumes ^{1,2} (000 b/d)				
Ethane	48.2	58.0	51.1	57.0
Propane-plus	35.6	42.5	36.6	43.2
Redwater Olefinic Fractionator sales volume ²	<u>31.9</u>	<u>-</u>	<u>28.1</u>	<u>-</u>
Total NGL processing volumes	115.7	100.5	115.8	100.2
Bulk liquid storage capacity utilization	95%	98%	97%	98%
Financial³				
Revenue	\$547.6	\$434.5	\$1,642.3	\$1,263.9
Funds from operations ³				
Oil sands transportation ³	\$160.6	\$142.3	\$458.3	\$423.1
NGL processing	\$78.1	\$28.7	\$188.4	\$82.8
Conventional oil pipelines	\$54.5	\$49.1	\$160.6	\$146.2
Bulk liquid storage	\$25.2	\$30.2	\$76.7	\$91.1
Corporate costs	<u>(\$49.5)</u>	<u>\$(38.9)</u>	<u>(\$161.2)</u>	<u>(\$149.1)</u>
Total funds from operations	\$268.9	\$211.4	\$722.8	\$594.1
Per share ⁴	\$0.72	\$0.62	\$1.94	\$1.76
Net Income	\$142.5	\$121.3	\$384.8	\$348.8
Supplemental Financial Information				
Net income attributable to shareholders				
Per share - basic & diluted	\$0.38	\$0.34	\$1.03	\$0.96
Cash dividends declared	\$152.1	\$131.4	\$452.7	\$394.1
Per share ⁵	\$0.4050	\$0.3900	\$1.2150	\$1.1700
Payout ratio ⁴	56.6%	64.8%	62.6%	69.7%
Capital expenditures ⁶				
Growth ⁶	\$72.6	\$40.8	\$219.8	\$100.7
Sustaining ⁶	<u>\$18.7</u>	<u>\$8.1</u>	<u>\$46.3</u>	<u>\$36.1</u>
Total capital expenditures	\$91.3	\$48.9	\$266.1	\$136.8
<ol style="list-style-type: none"> 1. Cold Lake volumes and Empress V NGL production reported on a 100% basis. Effective November 1, 2016, Inter Pipeline acquired the remaining 15% ownership interest in the Cold Lake pipeline system. 2. Average third quarter 2016 throughput volumes from the offgas processing business have not been included in the table above. Only eight days of operations from the September 23, 2016 closing date of the acquisition are included in Inter Pipeline's September 30, 2016 results and therefore does not contain any meaningful information. 3. Effective November 1, 2016, Inter Pipeline acquired the remaining 15% ownership interest in the Cold Lake pipeline system. For the three and nine months ended September 30, 2016, funds from operations included non-controlling interest amounts of \$8.7 million and \$28.5 million, respectively, related to the Cold Lake pipeline system. 4. Please refer to the NON-GAAP FINANCIAL MEASURES section. 5. Dividends to shareholders per share are calculated based on the number of common shares outstanding at each record date. 6. Amounts reported on a 100% basis that includes non-controlling interest. Effective November 1, 2016, Inter Pipeline acquired the remaining 15% ownership interest in the Cold Lake pipeline system. 				

**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, 2017 as compared to the three and nine month periods ended September 30, 2016. 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) statements regarding timing, costs, completion and long-term contracting of Inter Pipeline's current and future projects, including the integrated propane dehydrogenation and polypropylene complex, and (ii) 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. 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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.