News Release

Inter Pipeline Announces Strong First Quarter 2017 Financial and Operating Results

CALGARY, ALBERTA, MAY 8, 2017: Inter Pipeline Ltd. ("Inter Pipeline") (TSX: IPL) announced strong financial and operating results for the three month period ended March 31, 2017.

First Quarter Highlights

- Funds from operations (FFO) totalled $247 million, a 33 percent increase over first quarter 2016
- FFO for the Natural Gas Liquids (NGL) processing business segment set a new record of $82 million, an increase of $58 million over the same period last year
- Net income for the quarter was a record $140 million
- Declared cash dividends of $150 million, or $0.405 per share
- Attractive quarterly payout ratio* of 61 percent
- Record total pipeline throughput volumes, averaged 1,461,300 barrels per day (b/d)

Subsequent Event

- Issued $500 million of senior medium-term notes at an attractive interest rate of 2.734%

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

Financial Performance

Inter Pipeline generated positive financial results in the first quarter 2017, with funds from operations of $246.9 million, or $0.67 per share. The $60.9 million gain in funds from operations over the first quarter 2016 was largely driven by the strong performance of the NGL processing business which includes the acquired offgas processing business in September 2016.

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

Funds from operations (millions)	*Three Months Ended March 31, 2017*
Oil sands transportation	$148.2
NGL processing	$81.9
Conventional oil pipelines	$53.4
Bulk liquid storage	$26.2

Corporate costs increased $4.5 million to $62.8 million in the first quarter of 2017, compared to the first quarter 2016. This is largely due to higher employee and financing costs which were partially offset by lower current taxes.

Cash Dividends

In the first quarter of 2017, dividend payments to shareholders increased $18.4 million to $149.7 million or $0.405 per share compared to the same period in 2016. Inter Pipeline's current monthly dividend rate is $0.135 per share or $1.62 per share on an annualized basis.

Inter Pipeline's payout ratio for the quarter was an attractive 60.6 percent, compared to 74.6 percent in the first quarter of 2016.

Oil Sands Transportation

The oil sands transportation segment demonstrated strong results in the first quarter of 2017. Funds from operations were $148.2 million, up six percent or $8.8 million, compared to first quarter 2016.

Throughput volumes increased more than 13 percent over the first quarter of 2016, to a record 1,251,400 b/d. Volumes on the Cold Lake pipeline system which is now wholly owned by Inter Pipeline, increased by 60,700 b/d compared to the same period in 2016 on higher volumes from the Foster Creek, Wolf Lake and Kirby oil sands projects. Volumes on the Corridor pipeline also grew during the quarter, increasing by 46,100 b/d on higher production from the Muskeg River mine. Diluent deliveries on the Polaris pipeline system also increased by 40,400 b/d during the quarter as a result of higher deliveries to the Foster Creek oil sands project.

Volumes (000 b/d)	*Three Months Ended March 31, 2017*
Cold Lake	624.7
Corridor	415.6
Polaris	211.1

NGL Processing

The NGL processing business generated $81.9 million in funds from operations in the first quarter of 2017, up 247 percent or $58 million compared to the first quarter of 2016. The year-over-year improvement was primarily the result of strong performance by the recently acquired offgas processing business which contributed $40.1 million to FFO.

Improved frac-spread pricing on propane-plus volumes sold at the Cochrane straddle plant also contributed to the strong quarterly results. The average propane-plus realized frac-spread was $0.60 USD per US gallon, almost double the $0.31 USD per US gallon realized in the first quarter of 2016. Olefinic and parafinic realized frac-spreads, from offgas processing operations were $1.25 USD per US gallon and $0.26 USD per US gallon, respectively.

Natural gas flows to the straddle plants at Cochrane and Empress were strong during the quarter. In total, 3.2 billion cubic feet per day of natural gas was processed and 104,000 b/d of ethane and propane-plus was extracted. Average sales volumes from the Redwater olefinic fractionator were 31,600 b/d for the quarter. In the second quarter of 2017, production volumes from this business segment will be lower than the first quarter, as planned maintenance programs will result in a shutdown at both the Cochrane straddle plant and the Redwater olefinic fractionator for an approximate three-week period.

Inter Pipeline continues to place a high priority on advancing the development of an estimated $3.1 billion integrated propane dehydrogenation and polypropylene complex within our NGL processing business. These facilities would convert low-cost, locally sourced propane into higher value polypropylene, a valuable recyclable plastic. In the first quarter of 2017, approximately $26 million of growth capital was invested to advance detailed engineering and procure long-lead items. Inter Pipeline is continuing to seek appropriate long-term contracts with strong “take or pay” features to underpin this investment, and is targeting a final investment decision around mid-2017.

Conventional Oil Pipelines

Funds from operations for Inter Pipeline’s conventional oil pipelines business segment rose to a new quarterly record of $53.4 million, up seven percent or $3.4 million, compared to the same period in 2016. While transportation revenue decreased slightly as higher volumes were moved on lower revenue pipeline segments, this was offset by strong midstream marketing results.

Average throughput volumes on Inter Pipeline’s three conventional gathering systems totalled 209,900 b/d for the quarter, representing a 1,400 b/d increase from the same period a year ago. Volumes on the Mid-Saskatchewan pipeline system increased 5,300 b/d or six percent to a new record of 92,900 b/d on strong regional production from the Viking light oil play. This increase was offset by lower throughput volumes on Central Alberta.

Bulk Liquid Storage

Inter Pipeline’s bulk liquid storage segment generated funds from operations of $26.2 million in the first quarter of 2017, a decrease from $31.3 million in the first quarter of 2016. The decline was primarily the result of unfavourable foreign exchange rates.

Inter Terminals continued to operate near full capacity during the first quarter of 2017. Average utilization rates in the quarter increased from 98 percent in 2016 to 99 percent in 2017, as strong demand for storage continued across this business.

Approximately $6.5 million of growth capital was invested in the first quarter related to the construction of 175,000 barrels of new chemical storage capacity at Seal Sands terminal in the U.K. Total estimated project cost is $25 million and is expected to be completed mid this year.

Financing Activity

Inter Pipeline continues to maintain a strong balance sheet with significant liquidity available on its committed revolving credit facility. As at March 31, 2017, Inter Pipeline had $675 million of capacity on its $1.5 billion revolving credit facility. At March 31, 2017, Inter Pipeline’s consolidated net debt to total capitalization ratio* was 56.2 percent, compared to 57.2 percent at December 31, 2016.

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.

On April 18, 2017, Inter Pipeline issued $500 million of 7-year senior unsecured medium-term notes in the Canadian public debt market, at an attractive rate of 2.734%. Net proceeds from the offering were used to repay debt outstanding under its revolving credit facility and for other general corporate purposes.

Conference Call & Webcast

Inter Pipeline will hold its first quarter 2017 financial and operating results conference call and webcast on May 9 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 93362888. A replay of the conference call will be available until May 19, 2017 by calling 1-800-585-8367. The code for the replay is 93362888.

Annual General Meeting

Inter Pipeline will hold its Annual General Meeting of Shareholders on Monday, May 8, 2017 at 2:00 p.m. MT (4:00 p.m. ET) at the Metropolitan Conference Centre, 333, 4th Avenue S.W. in Calgary, Alberta. The meeting will be webcast live with a link accessible on Inter Pipeline's website under "Investor Information" then "2017 Annual General Meeting."

Select Financial and Operating Highlights

(millions of dollars, except per share and percent amounts where noted)	Three Months Ended March 31,	
Operating	2017	2016
Pipeline volumes (000 b/d)		
Oil sands transportation[1]	1,251.4	1,104.2
Conventional oil pipelines	209.9	208.5
Total pipeline	1,461.3	1,312.7
NGL processing volumes[1] (000 b/d)		
Ethane	61.1	60.9
Propane-plus	42.9	44.9
Redwater Olefinic Fractionator sales volume	31.6	-
Total NGL processing	135.6	105.8
Bulk liquid storage capacity utilization	99%	98%
Financial[3]		
Revenue	$578.7	$416.4
Funds from operations[2]		
Oil sands transportation[2]	$148.2	$139.4
NGL processing	$81.9	$23.6
Conventional oil pipelines	$53.4	$50.0
Bulk liquid storage	$26.2	$31.3
Corporate costs	($62.8)	$(58.3)
Total funds from operations	$246.9	$186.0
Per share[3]	$0.67	$0.55
Net Income	$140.0	$104.6
Supplemental Financial Information		
Net income attributable to shareholders	$140.0	$95.8
Per share - basic & diluted	$0.38	$0.28
Cash dividends declared	$149.7	$131.3
Per share	0.4050	$0.3900
Payout ratio[3]	60.6%	74.6%
Capital expenditures[4]		
Growth[4]	$52.7	$32.2
Sustaining[4]	$10.3	$18.0
Total capital expenditures	$63.0	$50.2

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. *Effective November 1, 2016, Inter Pipeline acquired the remaining 15% ownership interest in the Cold Lake pipeline system. For the three months ended March 31, 2016, funds from operations included non-controlling interest amounts of $10.1 million related to the Cold Lake pipeline system.*
3. *Please refer to the NON-GAAP FINANCIAL MEASURES section.*
4. *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 month period ended March 31, 2017 as compared to the three month period ended March 31, 2016. These documents are available at www.interpipeline.com and at www.sedar.com.

Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, bulk liquid storage and natural gas liquids extraction business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada and northern Europe. Additional information about Inter Pipeline can be found at www.interpipeline.com.

Inter Pipeline is a member of the S&P/TSX 60 Index and its shares trade on the Toronto Stock Exchange under the symbol IPL.

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Disclaimer

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.