News Release

Inter Pipeline Reports Record 2017 Financial Results

CALGARY, ALBERTA, FEBRUARY 15, 2018: Inter Pipeline Ltd. ("Inter Pipeline") (TSX: IPL) announced today financial and operating results for the three and twelve month periods ended December 31, 2017.

2017 Highlights

- Generated record funds from operations (FFO) of $991 million, a 17 percent increase over 2016
- Net income increased by 10 percent to a record $527 million for the year
- Declared annual cash dividends of $610 million, or $1.63 per share
- Conservative annual payout ratio* of 62 percent
- Announced an annualized dividend increase of $0.06 per share, the 15th consecutive increase for Inter Pipeline shareholders
- Average annual throughput volumes on Inter Pipeline's pipeline systems averaged a record 1,390,600 barrels per day (b/d)
- Sanctioned the $3.5 billion Heartland Petrochemical Complex, which is expected to be in service by late 2021
- Commissioned 175,000 barrels of new chemical storage capacity at the Seal Sands terminal in the U.K.

Fourth Quarter Highlights

- Strong quarterly FFO of $268 million, an increase of 5 percent from the same period in 2016
- NGL Processing business segment generated record quarterly FFO of $91 million up 40 percent from the same period in 2016
- Attractive quarterly payout ratio* of 59 percent
- Declared cash dividends of $157 million, or $0.42 per share
- Average throughput volumes for Inter Pipeline's oil sands and conventional pipeline systems were 1,416,300 b/d

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

Financial Performance

Inter Pipeline generated record financial results in 2017 as funds from operations increased by $141.8 million, or approximately 17 percent, to $990.6 million. The NGL processing business segment largely supported this increase, driven by a full year of FFO from the offgas processing business and higher realized frac-spread pricing.

Fourth quarter funds from operations also benefitted from the strong performance of the NGL processing business reaching $267.8 million, up approximately five percent compared to the fourth quarter of 2016. Results were negatively impacted by $25 million of one-time prior period adjustments in the NGL processing business.

For the fourth quarter and full year 2017, Inter Pipeline's four business segments generated FFO as follows:

Funds from operations (millions)	*Three Months Ended December 31, 2017*	*Twelve Months Ended December 31, 2017*
Oil sands transportation	$154.1	$612.4
NGL processing	$91.2	$279.6
Conventional oil pipelines	$53.7	$214.3
Bulk liquid storage	$20.9	$97.6

Corporate costs for the three and twelve months ended December 31, 2017 were $52.1 million and $213.3 million, respectively.

Cash Dividends

Dividend payments to shareholders were a record $609.9 million or $1.63 per share in 2017, resulting in an annual payout ratio of 61.6 percent. In November, Inter Pipeline announced its 15th consecutive dividend increase to $1.68 per share annually, representing an increase of $0.06 per share.

In the fourth quarter, Inter Pipeline declared dividends of $157.2 million or $0.415 per share, resulting in a quarterly payout ratio of 58.7 percent.

Oil Sands Transportation

Inter Pipeline's oil sands transportation segment continues to underpin our stable operating and record financial results. Full-year funds from operations reached a record $612.4 million, up approximately five percent compared to 2016. The modest year-over-year improvement was largely driven by lower current income tax payments.

Total bitumen blend and diluent volumes averaged 1,182,600 b/d for the year, an eight percent increase over 2016.

In the fourth quarter, funds from operations totaled $154.1 million, similar to 2016 performance. Throughput volumes for the quarter averaged 1,211,800 b/d, 39,300 b/d higher than the same period in 2016. The increase was driven by record volumes on the Polaris pipeline system as a result of higher deliveries to the Cenovus Foster Creek, Imperial Kearl and Husky/BP Sunrise oil sands projects.

Volumes transported by pipeline systems in the fourth quarter and full year 2017 were as follows:

Volumes (000 b/d)	*Three Months Ended December 31, 2017*	*Twelve Months Ended December 31, 2017*
Cold Lake	608.4	589.6
Corridor	377.6	398.9
Polaris	225.8	194.1

NGL Processing

Annual funds from operations for the NGL processing business increased by 89 percent to a record $279.6 million compared to the prior year's performance. These results were driven by higher frac-spread pricing and the inclusion of the first full-year of operations from the offgas business acquired in September 2016. In total, our offgas business contributed $155.4 million to annual funds from operations.

Strong frac-spread pricing on propane-plus volumes from the Cochrane straddle plant also contributed to these positive results. The average propane-plus realized frac-spread was $0.68 USD per US gallon in 2017, up 70 percent from $0.40 USD per US gallon in 2016. In our offgas processing business, the realized olefinic and paraffinic frac-spread was $1.20 and $0.34 USD per US gallon, respectively.

Inter Pipeline's straddle plants processed approximately 2.7 billion cubic feet of natural gas per day and produced 89,200 b/d of ethane and propane-plus annually in 2017. The Pioneer I and Pioneer II facilities processed an average of 141 million cubic feet of offgas per day in 2017, with average annual product sales from the Redwater Olefinic Fractionator of approximately 29,600 b/d.

In the fourth quarter of 2017, funds from operations from this business segment totaled $91.2 million, a 40 percent increase over the same period in 2016. These record results were achieved despite the negative impact of approximately $25 million of one-time prior period adjustments.

During the quarter, Cochrane propane-plus frac spread pricing increased 86 percent to average $0.87 per USD per US gallon, compared to $0.47 USD per US gallon in the fourth quarter of 2016. Fourth quarter olefinic and paraffinic realized frac-spreads also rose significantly compared to the same period a year ago to $1.37 USD per US gallon and $0.60 USD per US gallon respectively.

Fourth quarter natural gas inlet volumes to the straddle plants were strong and reached 2.9 bcf/d, yielding NGL production of approximately 93,700 b/d. Average sales volumes from the Redwater Olefinic Fractionator were 34,000 b/d for the fourth quarter of 2017, a 14 percent increase compared to the same period in 2016.

Heartland Petrochemical Complex

In the fourth quarter 2017, Inter Pipeline sanctioned construction of Canada's first integrated propane dehydrogenation and polypropylene complex. The facilities, collectively referred to as the Heartland Petrochemical Complex, are estimated to cost $3.5 billion and will be located in Strathcona County, Alberta near Inter Pipeline's Redwater Olefinic Fractionator. The Heartland Complex will convert low-cost, locally sourced propane into 525,000 tonnes of high value polypropylene per year.

Early civil construction work on the complex was completed in the quarter. Construction activity is expected to ramp up significantly in the first half of 2018 with project completion scheduled for late 2021. Once operational, Inter Pipeline expects to earn approximately $450 million to $500 million per year in long-term average annual EBITDA.

Conventional Oil Pipelines

Inter Pipeline's conventional oil pipeline's business generated record funds from operations of $214.3 million in 2017, up eight percent from 2016. Strong financial performance from midstream marketing activities and higher throughput volumes contributed to the positive results.

Volumes on Inter Pipeline's three conventional gathering systems averaged 208,000 b/d in 2017, up approximately four percent compared to 2016. Growing production activity from the Viking light oil play serviced by the Mid-Saskatchewan pipeline system and steady volumes on the Bow River pipeline system partially offset a decline in volumes on the Central Alberta pipeline system.

Funds from operations for the fourth quarter were $53.7 million, roughly consistent with the comparable quarter in 2016. Throughput volumes for the period totaled 204,500 b/d, a two percent increase compared to the same period in 2016 primarily as a result of higher volumes on the Mid-Saskatchewan pipeline system.

Bulk Liquid Storage

Inter Pipeline's European bulk liquid storage business generated annual funds from operations of $97.6 million in 2017, down from $120.0 million in 2016. The decline was primarily the result of reduced activity and utilization levels in the latter half of 2017, driven by a weakening contango pricing environment for certain petroleum products.

Overall, annual capacity utilization was strong across Inter Terminal's European operations, resulting in an average utilization rate of 96 percent, compared to 98 percent in 2016.

Funds from operations in the fourth quarter were $20.9 million compared to $28.9 million generated in the same period last year. Fourth quarter utilization rates declined to 91 percent compared to 99 percent in the fourth quarter of 2016 for the reasons noted above.

In the second quarter of 2017, Inter Pipeline placed 175,000 barrels of new chemical storage capacity into service at the Seal Sands terminal. These new assets are commercially backed by long-term storage contracts providing a stable new source of cash flow.

Financial Position

Inter Pipeline continues to maintain a strong balance sheet with significant liquidity available on its committed revolving credit facility. As at December 31, 2017, Inter Pipeline had $1,013 million of available capacity on its $1.5 billion revolving credit facility and a consolidated net debt to total capitalization ratio* of 53.5 percent, compared to 57.2 percent at December 31, 2016.

The premium component of Inter Pipeline's Premium Dividend™ and Dividend Reinvestment Plan (DRIP), which was re-instated in October 2016, raised approximately $307 million of additional equity capital in 2017.

Inter Pipeline continues to maintain strong investment grade credit ratings. Standard & Poor's and DBRS Limited have assigned Inter Pipeline credit ratings of BBB+ and BBB (high), respectively.

TM denotes trademark of Canaccord Genuity Corp.

Conference Call & Webcast

Inter Pipeline will hold a conference call and webcast on February 16 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. A passcode is not required. A replay of the call will be available until February 26, 2018 by dialing 1-855-859-2056. The passcode for the replay is 1469808.

A webcast of the conference call can be accessed on Inter Pipeline's website at www.interpipeline.com. An archived version of the webcast will be available for approximately 90 days.

Select Financial and Operating Highlights

(millions of dollars, except volumes, per share and percent amounts)	Three Months Ended December 31,		Twelve Months Ended December 31,	
Operating Results	2017	2016	2017	2016
Pipeline volumes (000 b/d)[1]				
Oil sands transportation	1,211.8	1,172.5	1,182.6	1,095.9
Conventional oil pipelines	204.5	200.3	208.0	200.7
Total pipeline	1,416.3	1,372.8	1,390.6	1,296.6
NGL processing volumes[1,2] (000 b/d)				
Ethane	53.3	69.9	51.6	60.2
Propane-plus	40.4	43.8	37.6	43.4
Redwater Olefinic Fractionator sales volume[2]	34.0	29.9	29.6	8.1
Total processing volumes	127.7	143.6	118.8	111.7
Bulk Liquid Storage capacity utilization	91%	99%	96%	98%
Financial Results[3]				
Revenue	$618.3	$560.7	$2,260.6	$1,824.6
Funds from operations[3]				
Oil sands transportation[3]	$154.1	$158.5	$612.4	$581.6
NGL Processing	$91.2	$65.0	$279.6	$147.8
Conventional oil pipelines	$53.7	$52.4	$214.3	$198.6
Bulk liquid storage	$20.9	$28.9	$97.6	$120.0
Corporate costs	$(52.1)	$(50.1)	$(213.3)	$(199.2)
Total funds from operations	$267.8	$254.7	$990.6	$848.8
Per share[4]	$0.71	$0.71	$2.65	$2.47
Net Income	$141.9	$128.8	$526.7	$477.6
Supplemental Financial Information				
Net income attributable to shareholders	$141.9	$125.8	$526.7	$449.7
Per share - basic & diluted	$0.37	$0.35	$1.41	$1.31
Cash dividends declared	$157.2	$145.1	$609.9	$539.2
Per share[5]	$0.415	$0.400	$1.630	$1.570
Payout ratio[4]	58.7%	57.8%	61.6%	66.0%
Capital expenditures[6]				
Growth[4]	$113.2	$49.9	$333.0	$150.6
Sustaining[4]	$21.2	$22.3	$67.5	$58.4
Total capital expenditures	$134.4	$72.2	$400.5	$209.0

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 volumes from offgas processing for the year ended December 31, 2016 is calculated by taking total volumes for 100 days of operations from the closing date of the acquisition on September 23, 2016 to December 31, 2016 divided by 366 days in 2016.*
3) *Effective November 1, 2016, Inter Pipeline acquired the remaining 15% ownership interest in the Cold Lake pipeline system. For the three month period and year ended December 31, 2016, funds from operations included non-controlling interest amounts of $3.5 million and $32.0 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 twelve month periods ended December 31, 2017 as compared to the three and twelve month periods ended December 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, 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

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.

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