

# NGL PROCESSING



## SEGMENT OVERVIEW

Inter Pipeline's NGL Processing business is comprised of straddle plants, offgas extraction facilities and the Heartland Petrochemical Complex (Heartland Complex):

- We have interests in three straddle plants, one at Cochrane and two at Empress, which are located on the NGTL System near export points from the Province of Alberta. Natural gas entering the straddle plants is processed to extract ethane and propane-plus products.
- Offgas facilities process offgas, a bi-product produced by oil sands upgrading facilities, to extract an ethane-plus mix. This mix is transported to Redwater via our Boreal pipeline system and is fractionated into ethane-plus products, which are sold across North America.
- The Heartland Complex is comprised of a propane dehydrogenation plant (PDH Plant) and a polypropylene plant (PP Plant), which are being constructed in Strathcona County, Alberta. Combined, these plants are designed to convert locally-sourced, low-cost propane into ~525 kilotonnes per annum (KTA) of polypropylene, a high-value and easily transported plastic.

## ASSETS

Straddle Plants & Offgas Facilities	2019 Throughput (mmcf/d)	2019 Volumes (000's b/d)	Products
Cochrane	2,195	66.7	Ethane & Propane-Plus
Empress V <sup>1</sup>	1,012	36.8	
Empress II	130	4.1	
Pioneer I & II	149	30.9	Ethane-plus mix
Redwater Olefinic Fractionator	N/A	31.9	Ethane-plus products <sup>2</sup>

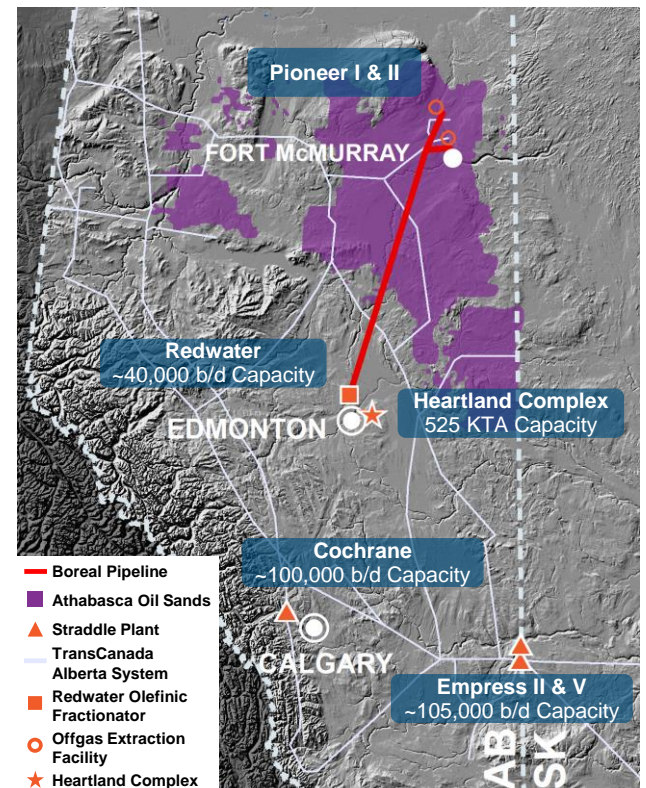
Heartland Complex	Input Capacity	Output Capacity	Products
PDH Plant	~22,000 b/d of Propane	~525 KTA of Polypropylene	Propane to Polypropylene
PP Plant			

<sup>1</sup> 50% working interest  
<sup>2</sup> Ethane-plus products include an ethane-ethylene mix, propane, butane, polymer grade propylene, alky feed and olefinic condensate

## MILESTONES

- 2004** Purchased NGL straddle plants at Cochrane and Empress for \$715 million from Williams Canada
- 2015** Commencement of a 10-year agreement with Nova Chemicals for the sale of ethane at Cochrane
- 2016** Acquired Williams Canadian NGL midstream business for cash consideration of \$1.35 billion
- 2017** Announced the development of Canada's first integrated PDH and PP Complex

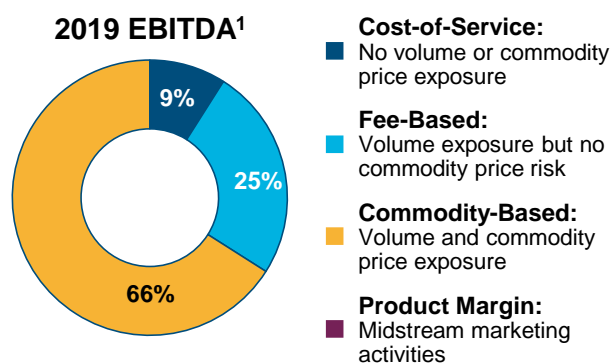
## AREA OF OPERATIONS



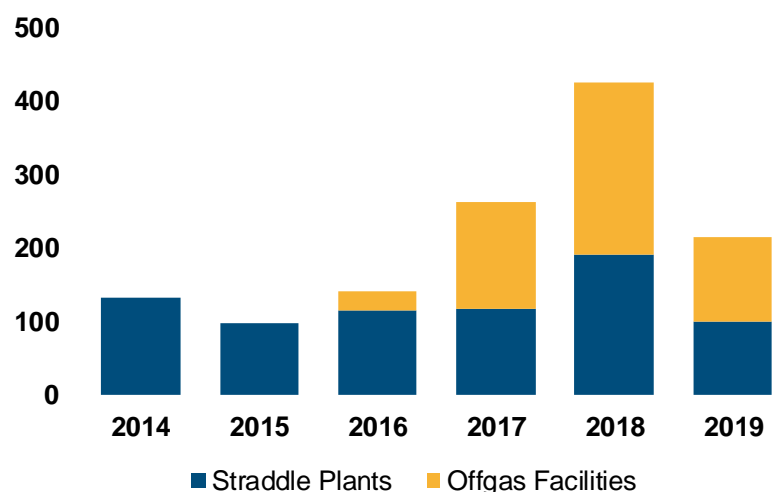
# CONTRACTUAL FRAMEWORK AND EBITDA GENERATION

NGL processing generates EBITDA from the recovery of certain higher value hydrocarbon liquids from natural gas and offgas streams pursuant to a combination of cost-of-service, fee-based and commodity-based contracts:

- Ethane extracted from our straddle plants is sold under long-term cost-of-service and fee-based contracts; propane-plus is sold under long-term cost-of-service and commodity-based contracts.
- Products fractionated at Redwater are generally sold under multiple shorter-term commodity-based contracts.
- Heartland Complex PP capacity is currently being contracted, with an objective of securing 70 to 85 percent under long-term cost-of-service contracts.



## EBITDA<sup>1</sup> (\$CAD Million)



## 2019 Contract Summary

Length	Remaining contract duration of ~5 years
Counterparties	~25

## 2019 Significant Customers



# NGL PROCESSING FINANCIAL HIGHLIGHTS

(\$CAD Million)	2014	2015	2016	2017	2018	2019
Revenue <sup>2</sup>	\$549	\$371	\$435	\$720	\$888	\$711
EBITDA <sup>1,2</sup>	\$131	\$97	\$141	\$262	\$426	\$215
% of Total Consolidated EBITDA	19%	10%	14%	23%	34%	20%
Capital expenditures <sup>1,2,3</sup>	\$12	\$8	\$1,389	\$224	\$784	\$1,272

<sup>1</sup> See Non-GAAP Financial Measures section of Inter Pipeline's most recent Management's Discussion and Analysis

<sup>2</sup> Revenue, EBITDA and capital expenditures for the Empress V straddle plant are recorded based on Inter Pipeline's 50% ownership

<sup>3</sup> Capital expenditures include growth, sustaining and acquisition capital

Certain information contained herein may constitute forward-looking statements within the meaning of applicable securities laws, including, but not limited to, statements regarding Inter Pipeline's development of and contracting for the PDH and PP, and all the anticipated benefits therefrom. Readers are cautioned not to place undue reliance on forward-looking statements as they are subject to a number of assumptions and known and unknown risks and uncertainties that may cause the actual results, performance or achievements of Inter Pipeline to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Please refer to Inter Pipeline's Investor Presentation – Heartland Petrochemical Complex available at [www.interpipeline.com](http://www.interpipeline.com) for a discussion of the material assumptions and risks associated with the forward-looking statements. The forward-looking statements contained herein 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.

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