



ANNUAL REVIEW

—
RESILIENCE
DISCIPLINE
RESOLVE

TSX | [IPL](#)

 **inter**pipeline

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IPL
TSX

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

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CORPORATE INFORMATION

Inter Pipeline is a world-scale energy infrastructure business engaged in the transportation, processing, and storage of energy products across Western Canada and Europe.

VISION

To be Canada's most respected and innovative energy infrastructure company.

MISSION

We will:

- + Foster an outstanding employee experience
- + Cultivate strong partnerships with our customers and stakeholders
- + Be unwavering in our commitment to sustainable practices and operational excellence
- + Deliver superior long-term returns for investors



OIL SANDS TRANSPORTATION

Over

3,300Km

of pipeline &

3.8 Million

barrels of storage capacity

CONVENTIONAL OIL PIPELINES

3,900Km

of pipeline &

1.6 Million

barrels of storage capacity

NGL PROCESSING

140,000b/d

of production capacity

BULK LIQUID STORAGE

8 Storage Terminals

Eight petroleum & petrochemical storage terminals located in Denmark and Sweden

RESILIENT AT OUR CORE

Message to Shareholders



CHRISTIAN BAYLE
President and Chief Executive Officer



“As President and CEO of Inter Pipeline, the words that come to mind describing our company’s journey are simple: **resilience, discipline, and resolve.**”

The crisis of 2020 in many ways showcased our core strengths as a business.

2020 was a remarkable year. For all of us who have lived and worked through it, there are so many words to describe the journey our colleagues, friends and family endured. As President and CEO of Inter Pipeline, the words that come to mind describing our company’s journey are simple: resilience, discipline, and resolve. Our company has been tested and emerged from 2020 strengthened by remaining true to our commitment to be Canada’s most respected and innovative energy infrastructure company and by consistently demonstrating resourcefulness and professionalism throughout our organization.

Resilience

I recall remarking in my 2019 letter to shareholders that Inter Pipeline has the necessary imagination and resourcefulness to meet the challenges of the future, and as a company we remained confident in our ability to deliver, regardless of external conditions. I believe

the performance of the company in 2020 proves the accuracy of that statement. Business conditions were the most challenging I have seen in my career and Inter Pipeline swiftly responded to the new personal and business realities of working through a global pandemic.

Despite the many adversities that marred 2020, in aggregate Inter Pipeline’s diversified portfolio of assets performed admirably, generating \$792 million in funds from operations, down 9 percent from 2019. The crisis of 2020 in many ways showcased our core strengths as a business. Inter Pipeline’s oil sands transportation business remained the bedrock of the company, yielding exceptional stability and record financial results from its suite of long-term, high quality take-or-pay contracts. Our European storage business also delivered record financial results driven by strong demand for storage and handling of hydrocarbons and petrochemicals.

The severe deterioration of global commodity pricing had an impact on the profitability of our NGL processing assets and conventional oil pipeline business, particularly in the first half of 2020. Producer curtailments lowered throughput volumes on our conventional pipeline systems, though it is encouraging to see volumes begin to recover with strengthening oil prices. Our NGL processing business fundamentals also significantly improved in concert with rising liquids pricing in the second half of 2020.

Inter Pipeline's customer base is strong and diverse with approximately 75 percent of our revenue being underpinned by investment grade counterparties. However, owing to the market realities of 2020, it was prudent to take measures during the year to strengthen our balance sheet and improve our financial liquidity. These steps included making the difficult decision to lower our monthly dividend starting in April, as well as implementing targeted expense reductions, divesting most of our European storage business and securing new credit lines.

These measures, and others, were instrumental in securing our strong financial position and at the end of 2020 Inter Pipeline has approximately \$2.5 billion of available capacity on its revolving credit facilities. This capacity combined with internally generated cash flow, positions us to comfortably meet all our capital and debt refinancing needs for the next several years without the need for external financing. As always, we will continue to maintain our focus on financial strength and flexibility in the current environment to ensure we remain well-positioned

to generate strong returns for our investors over the long-term.

Discipline

A hallmark of Inter Pipeline has long been our focus on safe operations, reliable cost-effective service, and our commitment to be a responsible corporate citizen. These three pillars of our company culture were more vital than ever in 2020 as we met and overcame the operational challenges posed by the pandemic.

In terms of safety, Inter Pipeline achieved the significant milestone of more than 5 years and approximately 8 million hours worked without a lost-time injury. World-class safety performance does not happen organically – it is the result of a dedicated group of people who embrace and demonstrate the fundamental importance of our corporate safety maxim “Home Safe Every Day.” Our commitment to the wellbeing of our workforce is not limited to physical safety. Promoting mental wellness has been a growing business priority for several years. The profound impact of COVID-19 on the daily lives of our workforce has made connecting our people with the tools and resources needed to support mental health a business imperative. We have responded to the challenge by providing industry leading mental health programs and a supportive work environment. At Inter Pipeline we truly believe our talented people are our greatest strength.

Ensuring the reliable operation of our extensive pipeline, storage and processing assets is a demanding and complex responsibility, particularly so in a pandemic environment. Our operations teams were up to the task, transporting 1.4 million barrels of petroleum



MILK RIVER PIPELINE

Milk River
Pipeline

A STRATEGIC ACQUISITION

In 2021, Inter Pipeline will become operator of the Milk River pipeline system which consists of two 16 km pipelines, crude oil storage tanks, truck unloading and product blending facilities. The system will expand the capacity of our Bow River pipeline system and allow us to better service our downstream customers in the important Montana refining region.



INTER TERMINALS NORDICS

A STRATEGIC DIVESTURE

In 2020, we completed the strategic divestiture of a large majority of our European bulk liquid storage business with proceeds from the sale used to reduce debt, strengthen Inter Pipeline's balance sheet and assist with financing our capital expenditure program. We continue to operate eight terminals in Sweden and Denmark, comprising of approximately 19 million barrels of aggregate storage capacity under the Inter Terminals Nordics brand. In Denmark, four deep draft coastal terminals located on

the Danish Straits, provide storage and custom blending services for distillates and fuel oil products.

The four terminals in Sweden function as a strategic storage and blending hub for the trans-shipment of refined products, as well as the inland distribution of retail petroleum and petrochemical products.

Global demand for oil storage remains high and Inter Terminals benefitted from near at-capacity utilization throughout 2020.

to major market hubs in Alberta and Saskatchewan and processing 143,000 barrels per day of natural gas and olefinic liquids. Collectively our European assets achieved a 98 percent "availability" metric during 2020, a notable achievement.

Even though the conditions of the year required us to limit our personal participation in stakeholder events, Inter Pipeline remained committed to being a positive force in our communities. The company made contributions to local charities and community support groups, Indigenous communities, and industry organizations in the amount of \$3.4 million and our workforce contributed to many community fundraising activities, albeit virtually.

A core component of Inter Pipeline's mission statement is an unwavering commitment to sustainable practices and operational excellence. We continually strive to improve operational efficiency and conduct business in an ethically, environmentally, and socially responsible manner. Our environment, social and governance (ESG) strategies continue to evolve. I am pleased to report that in 2021 we will establish measurable ESG targets coupled with actionable initiatives to drive strong performance.

Inter Pipeline has been an integral part of the Canadian energy industry for more than twenty years and plays a crucial role in regional energy production, transportation, and handling. In around a year, we will also become Canada's first producer of polypropylene. Plastics are an essential part of our modern lives and are found in a broad spectrum of important

products we all use every day; from car parts to life-saving medical equipment. We also recognize that the mishandling of plastic waste is a critical societal problem and Inter Pipeline is committed to taking a leadership role in addressing it.

We have joined the Alliance to End Plastic Waste, a global organization committed to an ambitious objective: delivering transformational change and ending plastic waste in the environment. Furthermore, under our \$10 million Plastics Research in Action initiative, Inter Pipeline is collaborating with researchers at the Northern Alberta Institute of Technology and industry partners to advance sustainable plastic waste management practices.

I encourage you to review our most recent Sustainability Report and our 2020 Sustainability Summary Statistics. It highlights our ongoing efforts to responsibly create long-term value for our stakeholders and be a conscientious member of our communities.

Resolve

True achievement in the energy infrastructure sector is not accomplished in the short-term. Rather, success is primarily created through long-term planning and the careful execution of multi-year accretive investments. In 2020, Inter Pipeline progressed and completed several noteworthy projects and transactions reflecting our commitment to ensuring we have the financial strength to undertake prudent long-term growth initiatives regardless of current business conditions.

In April, the 75-kilometer Viking Connector pipeline, was placed into service on time and on budget. This

asset provides new access to the Edmonton market hub and additional flexibility for Inter Pipeline's conventional oil customers. In addition, the construction of two, 130,000-barrel storage tanks at the Stettler Terminal was completed at the end of June, concluding the first two-phases of Inter Pipeline's planned multi-year expansion of the Central Alberta pipeline system.

In September, we agreed to acquire the Milk River pipeline system from Plains Midstream Canada ULC, in exchange for 100 percent ownership interest in the Empress II and 50 percent ownership interest in the Empress V, straddle plants. In addition to the assets, Inter Pipeline will also receive cash proceeds of \$35 million. The Milk River pipeline system strategically links Inter Pipeline's Bow River pipeline system from Milk River, Alberta to the U.S./Canadian border west of Coutts, Alberta, and enhances our existing service offerings.

That same month also saw our announcement of a definitive agreement to divest most of our European bulk liquid storage business, resulting in proceeds of approximately \$727 million. Inter Pipeline retains eight terminals in Sweden and Denmark, comprised of approximately 19 million barrels of aggregate storage capacity.

Construction at the \$4 billion Heartland Petrochemical Complex (HPC) continued to progress throughout 2020, which, frankly, is a remarkable achievement for our dedicated project management and construction teams. Approximately 4,000 people continued to work safely at site each day and all major project milestones were met for

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A hallmark of Inter Pipeline has long been our focus on safe operations, reliable cost-effective service, and our commitment to be a responsible corporate citizen.

“
I am pleased to report that in 2021 we will establish measurable ESG targets coupled with actionable initiatives to drive strong performance.

the year. We remain on track to be substantially mechanically complete on the propane dehydrogenation facility in May of this year, two short months away. The polypropylene plant is targeted for completion by the end of this year, with startup of the Complex occurring in early 2022. I am very proud of what our talented employees and contractors accomplished under unprecedented conditions. It says much about IPL's health and safety culture that this important project kept moving forward, when so many other large-scale projects around the world were forced to slowdown or stop. HPC is not only the most pivotal project in our history, but it also provides much needed investment into the Alberta and Canadian economies.

In 2020, we also announced some changes to our Board of Directors. Our chairman Richard Shaw and Brant Sangster, both long-serving Board members, will retire from the board in 2021. I would like to thank Richard and Brant for their service and many contributions to Inter Pipeline.

While 2020 was not a year that any of us would wish to repeat, our experiences have taught us much. It was a year of extremes, and it was also a year that highlighted remarkable personal resiliency, commitment, and resourcefulness. For Inter Pipeline, it will be remembered as a time where people, working under extraordinary conditions, met the unexpected and rose to the occasion. Our operations are running smoothly, our productivity levels remain strong, and our future remains bright.

In closing, I would like to sincerely thank Inter Pipeline's workforce, directors, and stakeholders for your ongoing support.



CHRISTIAN BAYLE
President and Chief Executive Officer



Sustainability

ESG REPORTING

With an increased focus on sustainability across all of industry, Inter Pipeline recently included within its mission an unwavering commitment to sustainable practices and operational excellence. Our recently updated ESG strategy helps to further our foundation of sound Environment, Social and Governance (ESG) practices intended to meet our energy requirements of today while preparing our business for the needs of tomorrow. This strategy will be highlighted in our 2021 report which will be released in the Fall of this year.



Current ESG information is available under the *"Our Responsibility"* section of www.interpipeline.com



PLASTICS RESEARCH IN ACTION

WE BELIEVE PLASTIC BELONGS IN THE ECONOMY, NOT THE ENVIRONMENT

In November 2020, we celebrated the completion of the first year of our 10-year partnership to fund Plastics Research in Action (PRIA) with the Northern Alberta Institute of Technology (NAIT). PRIA continues to do value add work in the area of responsible plastic use and recycling and demonstrates our commitment to supporting the circular economy before we produce one single pellet of plastic at our Heartland Petrochemical Complex. Plastics are an essential part of our modern lives and are found in a broad spectrum of products we all use every day; from car parts to life-saving medical equipment. The \$10 million agreement is funded by Inter Pipeline and represents the largest applied research partnership in NAIT's history.

In November of 2020, we were proud to share progress on two projects: identifying microplastics in water and examining the use of recycled plastic in asphalt. The water initiative project began in April of 2020 with NAIT researchers, students and experts from Inter Pipeline collecting more than 144 freshwater and sediment samples from various locations along the North Saskatchewan River. This project, which is led by NAIT Applied Bio/Nanotechnology Industrial Research Chair Dr. Paolo Mussone, is ongoing until March 2023.

For the Asphalt Project, NAIT researchers, led by NAIT Senior Project Manager Dr. Adetoyese Oyedun, and industry partners will focus their efforts on testing

Plastics Research in Action – valuable work underway with NAIT.

The **\$10 million** agreement is funded by Inter Pipeline and represents the largest applied research partnership in NAIT's history.

and monitoring the asphalt process in cold climate conditions. This project is ongoing until July 2023.

To date, six students have participated in more than 1,000 hours of research supporting the PRIA research projects, and the PRIA partnership has grown to include both industry peers and community peers, such as Alberta's Strathcona and Sturgeon Counties.

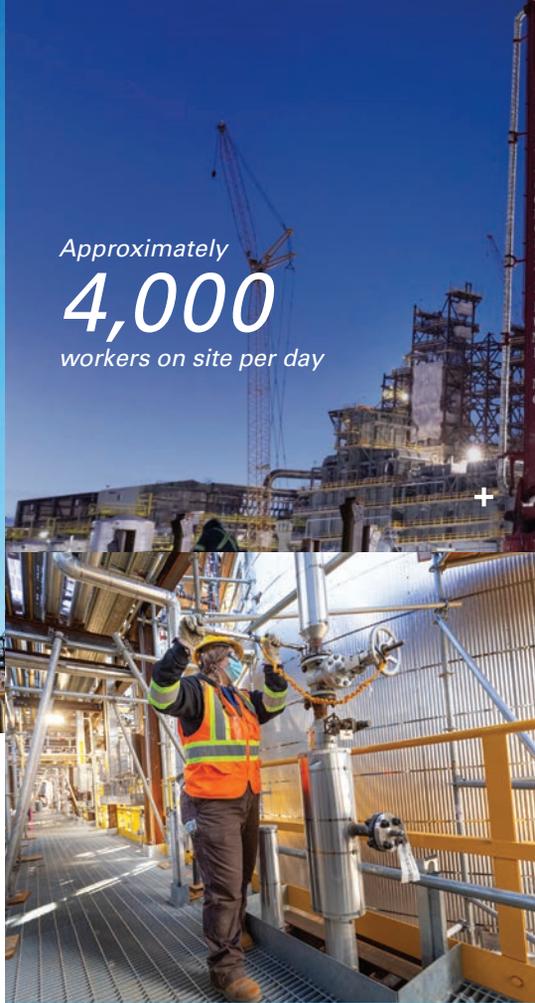
More than **1,000Hrs** of research.



Over
\$3.2 billion
 invested to date

Approximately
4,000
 workers on site per day

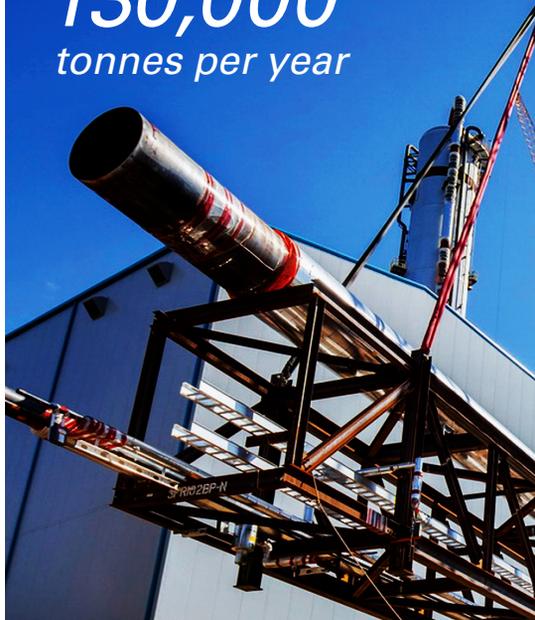
HEARTLAND PETROCHEMICAL COMPLEX



525,000
 tonnes per year
 of Polypropylene

Hydrogen produced as a by-product on site will be used as fuel to reduce GHG emissions by approximately

130,000
 tonnes per year



YEAR OF THE BUILD

Located in Strathcona County, Alberta near Inter Pipeline's Redwater Olefinic Fractionator, the Heartland Petrochemical Complex (HPC) is the largest organic development project in our company's history, in addition to being one of the most significant petrochemical builds in Alberta. Construction at the HPC continued to progress throughout 2020, which is a remarkable achievement. Approximately 4,000 workers were on site each day, and IPL worked together with government health agencies to develop rigorous health and safety protocols which included onsite COVID-19 testing, individual temperature scanning, resource materials and ongoing support for our workers and contractors. It says much about IPL's Health and Safety program that the Heartland project kept moving forward all through 2020, providing ongoing work for the local

economy and for the supporting services and industries.

Significant work performed at site in 2020 included the installation of electrical systems and the interior components of the splitter tower and condensers for the propane dehydrogenation facility. At the polypropylene plant, the reactor structure, pelletizer, flare stack and system instrumentation were completed. In addition, the railyard was completed which will enable HPC to ship polypropylene to various North American markets. The Heartland Petrochemical Complex is Canada's first integrated polypropylene and propane dehydrogenation facility.

The Heartland Petrochemical Complex has been designed to convert locally sourced, low-cost propane into 525,000 tonnes per year of polypropylene, a high value, easy to transport plastic used in the manufacturing of a wide range of finished products.



COCHRANE EXTRACTION PLANT 50 YEARS IN OPERATION

A GOLDEN ANNIVERSARY

Fifty years of service is a milestone worth celebrating in any industry. In 2020, our Cochrane Extraction Plant (CEP) reached this milestone, having become operational in 1970. Located (at that time) two miles northwest of the town of Cochrane (and twenty miles northwest of Calgary), work at the Cochrane build site began in June of 1969. When the Cochrane Extraction Plant (or “stripping plant” as it was styled in the industry jargon of the day) was being constructed, there was quite literally nothing around it. Built at a cost of approximately \$14 million, the initial facility was completed following 10 months of work.

The CEP initially opened as a lean oil absorption facility (ethane would be extracted in later years, after a plant expansion development). Over the course of five decades, many things have changed at the Cochrane plant. The facility has been upgraded and expanded over time to accommodate additional demands, including significant projects to extract ethane in 1978 and 1983, and the addition of a facility to liquify and refine carbon dioxide in 1996. Propane, butane, and pentane-plus have been safely extracted and sent to markets across the country for decades; these products have been used in such everyday item

The whole staff of the Cochrane Extraction Plant – past and present – are to be congratulated for fifty years of providing safe and dependable service to the energy industry.

as paint, car parts, and various industrial goods.

The Cochrane Extraction Plant was big news when it came online in 1970; it was the newest visible symbol of the ongoing development of Alberta’s Natural Gas industry, and the CEP was a significant asset in the rush to capitalize on the province’s abundant resources. Inter Pipeline has always been proud of being a safe operator and of our corporate safety culture, and the whole staff of the Cochrane Extraction Plant – past and present – are to be congratulated for fifty years of providing safe and dependable service to the energy industry.

FINANCIAL⁺ & OPERATING HIGHLIGHTS

Operating	2020	2019
Pipeline volume (000s b/d)		
Oil sands transportation	1,240.3	1,216.7
Conventional oil pipelines	161.6	186.3
Total pipeline volume	1,401.9	1,403.0
NGL processing volume ¹ (000s b/d)		
Ethane	63.8	63.4
Propane-plus	44.5	44.2
Redwater Olefinic Fractionator sales volume	34.9	31.9
Total NGL processing volume	143.2	139.5
Capacity utilization (%) Bulk liquid storage	98	87

Financial	2020	2019
(\$ millions, except where noted)		
Revenue	2,400.5	2,535.3
Adjusted EBITDA ²	961.9	1,051.2
Funds from operations	792.2	872.9
Net income	359.0	539.0
Dividends to Shareholders	335.7	706.4
Dividends per share (\$) ³	0.788	1.710
Payout ratio (%) ²	42.4	80.9
Total assets	13,066.4	12,951.4
Total equity	4,215.8	4,089.3
Enterprise value ²	11,923.1	16,153.2

1) Empress V NGL production reported on a 100% basis.

2) Please refer to the NON-GAAP FINANCIAL MEASURES section.

3) Dividends to shareholders per share are calculated based on the number of common shares outstanding at each record date.

To view Inter Pipeline's full 2020 Year-End MD&A and Financial statements, please visit interpipeline.com.





TOTAL ASSETS
(\$ millions)
\$13,066

REVENUE
(\$ millions)
\$2,401

FUNDS FROM OPERATIONS
(\$ per share*)
\$1.85

DIVIDENDS
(\$ per share)
\$0.79

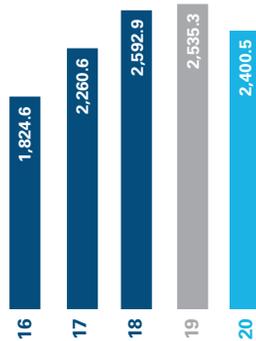


NGL PROCESSING
(000s b/d)
143

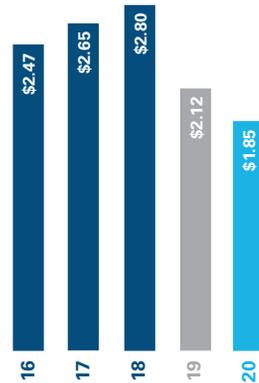
PIPELINE VOLUME
(000s b/d)
1,402

BY THE NUMBERS

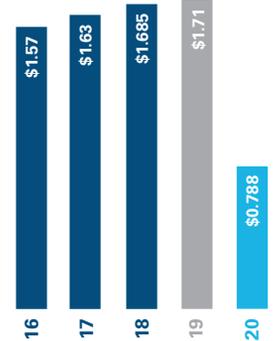
REVENUE
(\$ millions)



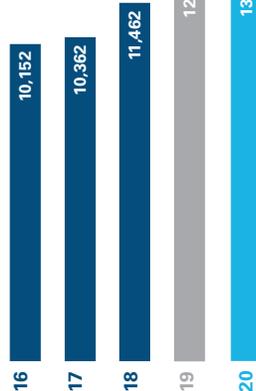
FUNDS FROM OPERATIONS
(\$ per share*)



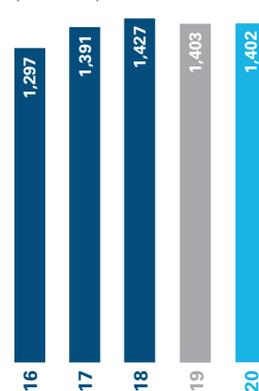
DIVIDENDS
(\$ per share)



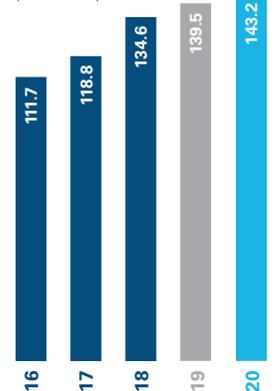
TOTAL ASSETS
(\$ millions)



PIPELINE VOLUME
(000s b/d)



NGL PROCESSING
(000s b/d)



* Funds from Operations per share attributable to shareholders

CORPORATE INFORMATION

EXECUTIVE TEAM

Christian Bayle

President & Chief Executive Officer

Brent Heagy

Chief Financial Officer

David Chappell

Senior Vice President,
Petrochemical Development

Anita Dusevic Oliva

Senior Vice President,
Corporate Services

James Madro

Senior Vice President,
Petrochemicals

Jeffrey Marchant

Senior Vice President,
Transportation

Bernard Perron

Senior Vice President,
Projects and Operations Services

Nipa Chakravarti

Vice President, Marketing

Megan Joyce

Vice President, Human Resources

Spil Kousinioris

Vice President, Corporate
Development

Cory Neufeld

Vice President, NGL

Jeremy Roberge

Vice President,
Finance and Investor Relations

Richard Sawyer

Vice President,
EH&S and Technical Services

BOARD OF DIRECTORS

Richard Shaw*

Director, Chairman of the Board
Calgary, Alberta

Christian Bayle

Director, President
& Chief Executive Officer
Calgary, Alberta

Shelley Brown*

Director, Member of the Human
Resources and Governance,
and Audit Committees
Saskatoon, Saskatchewan

Peter Cella*

Director, Chair of the Major Projects
Review Committee and Member
of the Human Resources and
Governance Committee
Florida, USA

Julie Dill*

Director, Chair of EH&S Committee,
Member of the Audit Committee
Texas, USA

Duane Keinick*

Director, Member of the EH&S
and Human Resources and
Governance Committees
Calgary, Alberta

Arthur Korpach*

Director, Member of the Audit
and Human Resources and
Governance Committees
Calgary, Alberta

Alison Taylor Love*

Director, Chair of the Human
Resources and Governance
Committee and Member of the
EH&S Committee
Calgary, Alberta

Margaret McKenzie*

Director, Chair of the Audit
Committee, Member of the
Major Projects Review Committee
Calgary, Alberta

Wayne Smith*

Director, Member of the EH&S and
Major Projects Review Committees
New Jersey, USA

Brant Sangster*

Director, Member of the
Major Projects Review and
EH&S Committees
Calgary, Alberta

* Denotes Independent Director

As at March 1, 2021



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STOCK EXCHANGE LISTING

Common Shares trade under
the symbol **IPL** on the Toronto
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Vice President,

Finance and Investor Relations

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