

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report
(Date of earliest event reported): March 20, 2020

AEGION CORPORATION

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>001-35328</u> (Commission File Number)	<u>45-3117900</u> (IRS Employer Identification No.)
<u>17988 Edison Avenue, Chesterfield, Missouri</u> (Address of principal executive offices)		<u>63005</u> (Zip Code)

Registrant's telephone number, including area code: (636) 530-8000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Shares, \$0.01 par value	AEGN	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Named Executive Officers Forgoing Cash Compensation

On March 20, 2020, as a precautionary measure to provide flexibility in light of the current uncertainty in the global markets resulting from the COVID-19 pandemic and any potential impact on the business of Aegion Corporation (the “Company”), management of the Company recommended, and the Board of Directors of the Company approved, effective April 1, 2020, senior management forgoing, for the immediate future, cash compensation of between 50% and 100% of their respective base salaries, which would have otherwise been paid semi-monthly as part of the Company’s regular payroll.

It is the current intention of the Board of Directors of the Company to grant restricted stock units under the Company’s 2016 Employee Equity Incentive Plan, as amended, to make up for the cash compensation that senior management will forgo. The restricted stock unit awards will be granted at the end of each calendar quarter while senior management is forgoing cash compensation and then a final grant at the time senior management ceases forgoing cash compensation for the forgone cash compensation during the then current quarter. In the event that senior management ceases forgoing cash compensation before June 30, 2020, there will be just one grant of restricted stock unit awards for the cash compensation forgone before such date. The number of restricted stock units granted will equal the amount of forgone cash compensation for each calendar quarter (or portion thereof if senior management ceases forgoing cash compensation during a calendar quarter) divided by the closing stock price of the Company on the date of grant.

Charles R. Gordon, the Company’s President and Chief Executive Officer, David F. Morris, the Company’s Executive Vice President and Chief Financial Officer and Mark A. Menghini, the Company’s Senior Vice President, General Counsel and Secretary will forgo 100% of their base salary cash compensation. Kenneth L. Young, the Company’s Senior Vice President, Treasury and Tax and John L. Heggemann, the Company’s Senior Vice President, Corporate Controller and Chief Accounting Officer will forgo 50% of their base salary cash compensation.

Amendment to Severance Policy

As previously disclosed, the Company adopted a severance policy effective December 18, 2018 (the “Severance Policy”), which was filed with the SEC as Exhibit 10.15 to the Company’s Annual Report on Form 10-K for the year ending December 31, 2018. On March 20, 2020, in order to address the unprecedented financial impact of COVID-19, the Board of Directors of the Company amended the Severance Policy such that the maximum severance period available to any employee of the Company under the Severance Policy shall be three months. The forgoing description of the amendment to the Severance Policy is qualified in its entirety by reference to such amended Severance Policy, a copy of which will be filed as an exhibit to the Company’s Form 10-Q for the quarter ended March 31, 2020.

Item 7.01. Regulation FD Disclosure.

On March 26, 2020, the Company issued a press release announcing certain measures intended to mitigate the impact of the novel coronavirus (COVID-19) outbreak on its business. Further, the Company is withdrawing its 2020 guidance provided in the Company's earnings release dated February 26, 2020 and on the Company's earnings conference call held on February 27, 2020. A copy of such press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference in its entirety.

The information in this Item 7.01 and Exhibit 99.1 hereto is furnished solely pursuant to Item 7.01 of this Form 8-K. Consequently, it is not deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or Securities Act of 1933, as amended, if such subsequent filing specifically references this Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following exhibits are furnished herewith:

<u>Exhibit Number</u>	<u>Description</u>
<u>99.1</u>	Press Release of Aegion Corporation, dated March 26, 2020.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AEGION CORPORATION

By: /s/ Mark A. Menghini
Senior Vice President, General Counsel and
Secretary

Date: March 26, 2020

Aegion Corporation Provides Business Update

SAINT LOUIS, MO., March 26, 2020 - Aegion Corporation (Nasdaq Global Select Market: AEGN) today provided a business update related to the impact of the global COVID-19 pandemic.

Aegion has taken multiple actions over the last several years to better position the Company to withstand market challenges. The Company ended 2019 with more than \$66 million in cash balances and nearly \$40 million in borrowing capacity on the Company's line of credit. A heavy focus on rehabilitation and maintenance activities, which accounted for approximately 85% of 2019 consolidated revenues, lessens the Company's dependence on new construction activity and reduces risk in cyclical markets. Additionally, the Company's exposure to upstream oil and gas markets represents less than 10% of consolidated revenues.

Nevertheless, the current global COVID-19 pandemic is unprecedented, its severity and duration are uncertain, and its impacts are being felt across all businesses, including Aegion. In response to the crisis, multiple federal, state and local jurisdictions globally have issued 'stay at home' orders. Many orders currently allow individuals to leave their homes to perform work necessary to the operations and maintenance of 'essential infrastructure,' which includes, among other activities, water, sewer, gas and sanitation services as well as oil refining and oil and gas operations. This designation has enabled most Aegion field crews to continue working, resulting in a limited disruption overall to operations to date. All Aegion employees are working with extra health and safety precautions in place, and the majority of Insituform and Corpro field crews are comprised of less than six individuals with work that primarily takes place outdoors, further reducing the potential spread of the virus.

The Company is pleased with its ability to continue serving client needs to date. While the Company currently has a good backlog position, management is carefully monitoring the implications of COVID-19 on future work releases, new orders and the ability to keep crews working under evolving local mandates.

Despite recent success in navigating these market challenges, the Company is preparing for a protracted period of significant uncertainty. As such, management is taking proactive prudent actions to reduce costs, increase liquidity and improve financial flexibility to ensure the Company is well positioned for the duration of the crisis. Such actions include:

- A temporary cash wage reduction for North America salaried employees, ranging from 15% for lower salary bands to 50% for senior leadership and 100% for three executive leaders, which include the Company's CEO, CFO and General Counsel;
- An unpaid furlough, impacting approximately 15% of the North American workforce, with approximately two-thirds of affected employees in the Energy Services segment, primarily as a result of deferred turnaround and construction activities;
- A freeze of all non-critical spending for capital expenditures, travel and other discretionary expenses;
- Suspension of the Company's discretionary open-market share repurchase program; and
- Suspension of cash fees for the Company's Board of Directors.

Additionally, management has held initial proactive discussions with its current lending group regarding expanded financial flexibility. The Company has longstanding relationships within its lending group, providing support for such discussions. The Company also drew approximately \$35 million on its revolving line of credit in the first quarter to increase its cash position and provide a cushion against any unforeseen liquidity disruptions.

As a result of the significant uncertainty regarding current market conditions and difficulty in estimating the ultimate financial impact to the organization, the Company is withdrawing 2020 financial guidance issued on February 28, 2020. The Company will provide a business update on the first quarter earnings call, tentatively scheduled for late April 2020, and will look to reinstate financial guidance when there is improved visibility into expected results.

Charles R. Gordon, Aegion's President and CEO, said, "We've been pleased to date with our ability to respond to current events amid significant volatility. However, we do not believe a 'wait and see' approach is appropriate. Though very difficult, we believe the swift and decisive actions we have taken will ensure the organization is able to weather this unprecedented global crisis."

Gordon continued, "For nearly 50 years, Aegion has protected communities through the rehabilitation and maintenance of critical infrastructure and the current global pandemic doesn't lessen the long-term demand for our services. We are grateful for the opportunity to continue serving the nation's critical infrastructure needs while ensuring the health and safety of our employees, customers and the community."

About Aegion Corporation (NASDAQ: AEGN)

Aegion combines innovative technologies with market-leading expertise to maintain, rehabilitate and strengthen infrastructure around the world. Since 1971, the Company has played a pioneering role in finding transformational solutions to rehabilitate aging infrastructure, primarily pipelines in the wastewater, water, energy, mining and refining industries. Aegion also maintains the efficient operation of refineries and other industrial facilities. Aegion is committed to Stronger. Safer. Infrastructure.®

More information about Aegion can be found at <https://www.aegion.com/>.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. Aegion’s forward-looking statements in this news release represent its beliefs or expectations about future events or financial performance. These forward-looking statements are based on information currently available to Aegion and on management’s beliefs, assumptions, estimates or projections and are not guarantees of future events or results. When used in this document, the words “anticipate,” “estimate,” “believe,” “plan,” “intend,” “may,” “will” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Such statements are subject to known and unknown risks, uncertainties and assumptions, including those referred to in the “Risk Factors” section of Aegion’s Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on March 2, 2020, and in subsequently filed documents. In light of these risks, uncertainties and assumptions, the forward-looking events may not occur. In addition, Aegion’s actual results may vary materially from those anticipated, estimated, suggested or projected. Except as required by law, Aegion does not assume a duty to update forward-looking statements, whether as a result of new information, future events or otherwise. Investors should, however, review additional disclosures made by Aegion from time to time in Aegion’s filings with the Securities and Exchange Commission. Please use caution and do not place reliance on forward-looking statements. All forward-looking statements made by Aegion in this news release are qualified by these cautionary statements.

Aegion® and the *Aegion*® logo are the registered trademarks of Aegion Corporation and its affiliates.

For more information, contact:

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