IT’S SIMPLE.
In recent years, Aegion has undergone a transformation, adding business platforms and diversifying our portfolio with a more robust mix of products and services. But one thing has not changed: At heart, we are still a pipeline protection company.

It’s just that the types of pipes and the ways we protect them have grown. Today we employ a variety of ways to protect oil and gas pipelines. Mining pipelines. Water and wastewater pipelines. Industrial process pipelines. Some of these pipelines are new; others are approaching the end of their lives. They may be buried far below the earth’s surface or rest deep on the ocean floor.

We coat, line, cathodically protect, insulate, monitor and maintain pipes. We draw on our world-class engineering capabilities to design solutions that protect pipelines, no matter what flows through them or what harsh environments they endure.

Among our solutions is Fibrwrap®, a breakthrough technology versatile enough to protect not only pipelines, but other types of infrastructure as well. We’re excited about the attractive new end-markets this technology opens for us. But it doesn’t change the common denominator that links all we do.

It’s simple. It all comes back to pipe.
DEAR FELLOW STOCKHOLDERS,

At this writing, I am closing in on five years at the helm of the good ship Aegion. It has been an exciting journey and likely not the route any of us expected in spring 2008. If I had to select a word to describe our journey, I would select TRANSFORMATIVE. Really, everything about what was Insituform Technologies has been transformed into what is now Aegion Corporation.

• Our Company, which was largely a single-product, single-market enterprise, has been transformed into a diversified and global pipeline protection and rehabilitation business.

• Our focus, which had centered primarily on municipal sewer repair linked to governmental funding, has transformed to the higher growth energy and mining pipeline protection and commercial rehabilitation sectors. These markets are almost universally seen as having robust growth prospects. Our future in each will be determined by the quality of our technologies, services and people.

• Our product portfolio, which was dominated by a 40-year old technology we invented, has been transformed to include world-class engineering, along with a rich mix of protective lining, coating, insulation, cathodic protection, robotics and fiber-reinforced polymer technologies all focused on protecting our customers’ valuable pipeline and infrastructure assets.

• Our workforce, which had been focused primarily on contracted installations, has been transformed to include more than 300 engineers dedicated to creating complete engineering solutions to our customers’ complex structural integrity problems.

2012 was a pivotal year for Aegion as it marked the first year in which five of our segments had operating margins above 8 percent, and we believe the situation is more complex than it first appears, and a little more patience is required. We clearly wrecked our early bids in India and Singapore, both in terms of cost estimation and contractual commercial protections. These projects were bid in late 2007 and early 2008 in India and Singapore, respectively—when we candidly lacked the proper estimating discipline and execution capabilities to be successful.

That is different now. We are successfully executing small projects in India. Our larger project in Kuala Lumpur is off to a great start. Further, our Australian business has proven it can produce solid results when it has the backlog. While we were disappointed by the pricing declines in the Sydney market, we have secured significant backlog in Brisbane and other cities, making for a stronger outlook in

In revenues, the business achieved a 7 percent operating margin and increased operating income by more than $15 million. I’d judge that performance as pretty good in a market we believe is stable but still very competitive, particularly in the small-diameter pipeline sector.

This business ended the year with solid backlog, which should generate modest revenue growth in 2013. While we expect this top line growth, the overall market is essentially unchanged and continues to be constrained by local government fiscal pressure. The expected growth reflects bidding success in cities where municipal customers are in the project execution phase of previously negotiated consent decrees with the Environmental Protection Agency. In 2013, we expect significant project activity in Baltimore and St. Louis, two key long-term customers. We also expect to continue the rehabilitation of more than three miles of 96-inch diameter wastewater sewer lines for the Trinity River Authority in the Dallas area, a project awarded to us in 2012.

Our European operations faced considerable headwinds in 2012 due to economic contraction across the continent. Overall, revenues for this business declined 17 percent, and operating income was down almost $4 million, compared to 2011. We expect very modest improvement next year as market conditions are not improving. We will continue our strategy of rationalizing our contracting operations and expanding higher margin third-party tube and technical service sales.

The headline for our Asian experience to date can only be, “These Guys Do Not Know What They Are Doing.” Certainly an $11.5 million operating loss in 2012 strongly suggests that. However, I believe the situation is more complex across this vast region than it first appears, and a little more patience is required. We clearly wrecked our early bids in India and Singapore, both in terms of cost estimation and contractual commercial protections. These projects were bid in late 2007 and early 2008 in India and Singapore, respectively—when we candidly lacked the proper estimating discipline and execution capabilities to be successful.

AEGION’S COMPOUNDED GROWTH SINCE 2007*

Organic growth and acquired growth

GROSS PROFIT CAGR 2007-2012

ENERGY & MINING +66%

WATER & WASTEWATER +25%

OPERATING INCOME CAGR 2007-2012

ENERGY & MINING +44%

WATER & WASTEWATER +25%

REVENUE CAGR 2007-2012

ENERGY & MINING +66%

WATER & WASTEWATER +25%

ROIC 2007-2012

2012 ROIC 7.4%

2007 ROIC 2.3%

510 BASIS POINTS

2012 Basis points

*Because the Commercial & Structural platform was created in 2011, its financial data is included in the total compounded annual growth rate, but there are no platform comparisons to 2007.
2013. We believe we can now properly structure bids for larger cured-in-place pipe rehabilitation opportunities emerging in India. We will know more as these projects become available for bid, but I believe this market can be a growth area for our Water & Wastewater platform. Our baseline for 2013, however, is to return the effort to a break-even or modest profit position.

Our overall plan across the entire Water & Wastewater platform is to remain focused on bidding discipline and deliver exceptional project management to optimize cash flow, while opportunistically pushing the business more towards the less risky, higher return tube manufacturing and technical services segment.

**COMMERCIAL & STRUCTURAL**

Our Fibrwrap® technology for structural strengthening and rehabilitation got off to a great start in 2012, achieving revenues of $75 million while producing a gross margin of 49 percent. The versatility of this remarkable product continues to be demonstrated in the marketplace as we grow our presence in the pressure pipe, buildings, transportation structures and port verticals.

While North America remains our strongest market, we expanded our presence globally in 2012 with the acquisitions of Fyfe Latin America at the start of the year and Fyfe Asia in April. We are investing in our business development efforts to accelerate the growth we believe is achievable for this technology both in North America and internationally. We are particularly bullish on Asia, where in 2012 we were awarded two significant contracts in Hong Kong and smaller awards in Singapore and Indonesia, signaling a robust 2013 for this sector.

We continue to see this entire platform as a 30 percent growth business at highly attractive margins.

**IT’S SIMPLE**

As you can see from the cover, the theme of our annual report this year is “It’s Simple.” And yet, I have described our journey as transformative, which is not a word generally associated with simple. I reconcile that, simply, by telling you that our transformation was guided by simple principles.

- **WE PROTECT PIPE.** We are a pipeline protection company. Our people, our services and our technology applications are focused on protecting pipelines. We believe the market drivers around expanding and protecting these critical arteries of our way of life will afford us sustained growth opportunities.

- **WE ASPIRE TO BECOME A PREMIUM RETURN COMPANY.** That means, simply, we will approach our existing businesses from the point of view of improving returns for our stockholders. External growth opportunities must be judged to be accretive to our return position over a near-term horizon.

With these simple principles in mind, we have already accomplished a great deal. Revenues have more than doubled since 2007, and we are increasingly focused on higher growth and higher margin end markets. Our non-GAAP operating income has increased by an average of 44 percent annually over the last five years. We have made steady progress in becoming a premium return company, adding an average of more than 100 basis points annually to return on invested capital—all while strengthening our balance sheet and becoming a much more “cash conscious” company.

Still, simply, there is more to do. We believe 2013 will be another step forward on our path to becoming a preeminent service provider in the pipeline protection space and a step forward on the path to delivering consistent premium returns for our investors.

Thank you for your continued interest in Aegion.

J. Joseph Burgess 
President and Chief Executive Officer
More than 90% of Aegion’s revenues are tied directly to pipeline protection.

The remainder are from opportunities in emerging commercial and structural rehabilitation markets.

WHY PIPELINES?

Out of sight and out of mind, pipelines are the world’s workhorses that make our way of life possible by transporting vital resources and waste by-products. Costly to construct, pipeline systems are subjected daily to corrosive materials and hazardous conditions that threaten their integrity. Leaks, lost production and, in some cases, environmental disasters can result when they fail.

Aegion’s mission is to protect these high-value assets using technologies and asset management programs designed to extend their lives, safeguard their contents and protect the surrounding environment. Two of our three business platforms — Energy & Mining and Water & Wastewater — are devoted almost entirely to protecting pipelines and the structures related to them. Pipelines are also a significant portion of the business for our Commercial & Structural platform.

Our engineers draw from our portfolio of lining, coating, insulation, cathodic protection, fiber-reinforced polymers and robotic technologies to design these solutions and asset management programs.

The other 10 percent

Aegion’s newest business platform — Commercial & Structural — takes its technology for pressure pipe rehabilitation and leverages it on applications outside of our core pipeline end markets. Known as Tyfo® Fibrwrap®, this patented technology uses a lightweight fiber-reinforced polymer composite to strengthen, rehabilitate, improve and extend the design lives of pipelines, buildings, bridges, waterfront structures and other infrastructure. Our mission is to convert the market from using traditional concrete and steel rehabilitation to this truly remarkable engineered solution. 2012 projects ranged from strengthening Bay Area Rapid Transit (BART) viaducts and stations, to seismic retrofits of buildings in New Zealand, to blast hardening of United States military assets in Afghanistan.

While representing a small portion of Aegion’s 2012 revenues, Fibrwrap® has considerable promise. We are making the necessary investments to participate in higher growth commercial and structural markets worldwide. This includes the Asia-Pacific market, where we are pursuing certification for structural strength equivalency capabilities of the Fibrwrap® system in Japan and Hong Kong.

CASE STUDY

Protecting Hong Kong’s water supply

Hong Kong is one of the world’s most densely populated areas. With few fresh water resources, its seven million residents rely heavily on drinking water imported from southern China.

The water supply infrastructure was built 40 years ago and has shown severe signs of aging. Fyfe Hong Kong is currently undertaking several projects on behalf of the Hong Kong Water Services Department to rehabilitate pipelines. Under these projects, more than 13 miles of water mains will be rehabilitated using the patented Tyfo® Fibrwrap® system, with a total contract value of $26.5 million (USD).

Fyfe introduced the Tyfo® Fibrwrap® system in Hong Kong more than 10 years ago and has been rehabilitating large-diameter pipelines there with Fibrwrap® for the last seven years.
We have a **growing presence in 11** of the world’s top sustainable energy markets.

In 2012, approximately 17% of our total revenues were generated in emerging markets, compared to less than 3% five years ago.
Depending on the environment in which they reside and the content they carry, pipes can age at remarkably different rates.

Many factors must be considered when selecting the best methods for protecting these assets, ranging from the age and composition of the original asset, to the makeup and temperature of the surrounding environment, to the proximity of local power supplies, and more.

In some cases, the most effective solutions require a combination of technologies. Aegion today has more than 30 lining, coating and pipeline integrity technologies that can be used individually or in combination to solve the toughest pipeline challenges. We not only engineer custom solutions, but often also supply the materials, construction services and logistics needed to install them onshore or offshore.

Recurring revenues grow
The largest company in our Energy & Mining platform is our Corrpro subsidiary, which provides cathodic protection systems, coatings services and other long-term corrosion control solutions. Corrpro’s revenues do not only come from the design and installation of these systems, but also from the long-term monitoring and maintenance required for regulatory compliance. Corrpro’s expertise in these areas allows its engineers and technical staff to quickly respond to customer needs.

A sizeable portion of our Tite Liner® work is performed in the oil and gas pipeline rehabilitation market in the western hemisphere, another source of recurring project activity. Typically, recurring revenues from these two sources represent approximately 40% of our Energy & Mining revenues.

Our goal is to significantly increase recurring or maintenance oriented revenues for our Energy & Mining platform.

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Our goal is to significantly increase recurring or maintenance oriented revenues for our Energy & Mining platform.
Corrosion wreaks havoc on infrastructure. There are many causes for it and many complex factors to consider in engineering solutions to protect against it.

Our staff, which includes certified technicians and engineers with backgrounds in metallurgy, polymer science, chemical engineering and liner manufacturing and installation, enables us to take on the toughest corrosion challenges associated with pipelines, bridges, harbors and other underground, submerged or embedded structures.

Our institutional knowledge of resins and epoxies, advanced research and rigorous engineering procedures have resulted in composite solutions that are thinner, stronger and more versatile.

Our contracting crews and field technicians are highly trained as well, promoting a strong “zero-injury” safety culture and productive work environment.

**Investing in project management**

Whether a project is very large or very small, successful execution depends on effective project management. In 2012, Aegion invested in talent development and IT systems, including Oracle® Primavera, that will benefit projects of all sizes by helping us improve our forecasting and cost control, optimize crew and equipment utilization, improve contracting execution and speed our payment cycle. Our North American Water & Wastewater segment will be our first business to implement the new Oracle® Primavera system, which is scheduled for final rollout in 2013.

**What is a master service agreement?**

Cathodic protection systems use an electrochemical process to control corrosion of metal surfaces that are exposed to a corrosive environment. Often mandated by environmental regulations, these systems require ongoing monitoring and maintenance.

Corrpro delivers these services through long-term master service agreements that require regular job site visits, frequent measurements and testing, ongoing system adjustments and regulatory reporting. Our master service agreement customers range from oil and gas companies to water and wastewater utilities to engineering firms.

**CASE STUDY: A record CIPP project in Texas**

Everything is bigger in Texas, including the sewer mains. That’s where Insulform is completing the longest super-large diameter (i.e., 84 inches and bigger) cured-in-place pipe project in our history. Working for the Trinity River Authority of Texas, we are rehabilitating more than three miles of 96-inch sewers in the Dallas area.

Given the $16.3 million project’s unprecedented complexity and size — it requires more than three million pounds of resin alone — our engineering, research and development and project management staff played an especially active role in project planning, engineering and logistics. Scheduled for completion in summer 2013, this was also the first project to employ our new Oracle® Primavera project management system.

**CASE STUDY: On-site engineers help refinery improve production**

Engineers from our Corrpro subsidiary were first called to the site of a large North American oil refinery 26 years ago after more than 1,800 leaks were discovered in 250 miles of underground pipe. Since then, the cathodic protection systems we designed for these pipelines and, later, more than 500 above-ground tanks, have dramatically reduced corrosion in these critical assets.

Today, seven Corrpro engineers are stationed at the refinery year-round to maintain existing cathodic protection systems, design and construct new ones and perform the ongoing surveys required for effective corrosion protection for regulatory compliance. Unscheduled production interruptions due to pipe and tank corrosion are virtually non-existent.
Aegion crossed the **$1 billion mark in revenues** for the first time in 2012.

We also generated a record $111 million in operating cash for the year.

### Strong earnings per share growth
Earnings increased 50 percent to $1.40 per diluted share in 2012, compared to $0.93 in 2011 (non-GAAP). This excludes one-time acquisition related expenses. Our ability to expand earnings affirms the strength of our three-platform business model and validates that our portfolio additions and focus on attractive end-markets are working.

### Record operating cash
Aegion significantly improved cash from operations in 2012, generating a record $111 million. Earnings growth from our Energy & Mining platform, the strong recovery of our North American Water & Wastewater business, support from our Commercial & Structural platform, and improvements in our working capital management all contributed to this record.

### Improving return on invested capital
At 7.4 percent, our return on invested capital (ROIC) for 2012 improved 150 basis points from 2011. Our improving ROIC reflects the growth in our Energy & Mining platform, the strong recovery of our North American Water & Wastewater business, and the value of our Commercial & Structural acquisitions.

### New customers in 2012
We have strong relationships with our customers built on the success of our projects and the technologies we offer. We continue to expand geographically and attract customers in new end-markets. Among our newest customers are:
- Merit Energy Company, a leading oil and gas company with over 11,000 wells located throughout the United States
- Government of Malaysia under the Department of Sewerage Services, Ministry of Energy, Green Technology & Water, based in Kuala Lumpur, Malaysia
- Armidale Dumaresq Council, the local government for a region of New South Wales in Australia
- Hong Kong Electric Co., one of Hong Kong’s two primary electricity providers

### Improved safety performance
Maintaining a safe workplace remains Aegion’s top operational priority, a fact supported by our 2012 safety results. Our Energy & Mining and Water & Wastewater platforms all achieved recordable incident rates below our 2012 goals, and in some cases, substantially so. Each improved on their 2011 results. These results contribute to a highly productive work environment and take us a step closer to achieving the “zero-injury” safety culture we envision.
Looking forward.

2012 is not the end of Aegion’s transformation, but a new beginning. Our task now is to build upon and leverage the strong foundation we have created through organic and inorganic initiatives that will improve our ability to address critical market needs.

Our priorities for 2013 are simple. We will focus on:

- protecting and rehabilitating pipelines in growth markets using technologies that matter to our customers;
- expanding our reach in building, transportation, industrial and other infrastructure markets that can benefit from our innovative solutions; and
- delivering sustainable earnings growth, converting earnings to cash efficiently and improving return on invested capital.
The Company’s common shares, $.01 par value, are traded on The Nasdaq Global Select Market under the symbol “AEGN.” The following table sets forth the range of quarterly high and low sales prices for the years ended December 31, 2012 and 2011, as reported on The Nasdaq Global Select Market. Quotations represent prices between dealers and do not include retail mark-ups, mark-downs or commissions.

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FORM 10-K
A copy of the Company’s Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission, is available, free of charge, on our website, www.aegion.com. It also is available without charge upon request by writing to the Company’s investor relations department at 17988 Edison Avenue, St. Louis, Missouri 63005.