

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-22462

Gibraltar Steel Corporation  
(Exact name of Registrant as specified in its charter)

Delaware 16-1445150  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

3556 Lake Shore Road, P.O. Box 2028, Buffalo, New York 14219-0228  
(Address of principal executive offices)

(716) 826-6500  
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
Registrant was required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days. Yes  . No  .

As of September 30, 1996, the number of common shares outstanding was:  
12,319,900.

1 of 11

GIBRALTAR STEEL CORPORATION

INDEX

PART I. FINANCIAL INFORMATION

PAGE NUMBER

Item 1. Financial Statements

Condensed Consolidated Balance Sheets September 30, 1996 (unaudited) and December 31, 1995 (audited)	3
Condensed Consolidated Statements of Income Three months and Nine months ended September 30, 1996 and 1995 (unaudited)	4
Condensed Consolidated Statements of Cash Flows Nine months ended September 30, 1996 and 1995 (unaudited)	5

Notes to Condensed Consolidated Financial

Item 2. Management's Discussion and Analysis of  
Financial Condition and Results of Operations

9 - 10

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET  
(in thousands)

	September 30, 1996 (unaudited)	December 31, 1995 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,025	\$ 4,123
Accounts receivable	46,725	35,634
Inventories	54,685	45,274
Other current assets	1,763	1,964
Total current assets	108,198	86,995
Property, plant and equipment, net	87,243	67,275
Other assets	25,616	13,153
	\$ 221,057 =====	\$ 167,423 =====
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 30,141	\$ 25,845
Accrued expenses	5,356	2,367
Current maturities of long-term deb	1,218	1,214
Deferred income taxes	-	54
Total current liabilities	36,715	29,480
Long-term debt	52,927	57,840
Deferred income taxes	12,907	9,251
Other non-current liabilities	867	608
Shareholders' equity		
Preferred shares	-	-
Common shares	123	102
Additional paid-in capital	64,276	28,803
Retained earnings	53,242	41,339
Total shareholders' equity	117,641	70,244
	\$ 221,057 =====	\$ 167,423 =====

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(in thousands, except share and per share data)

	September 30,	Three Months Ended		Nine Months Ended	
	September 30,	1996	September 30,	1996	1995
		(unaudited)	1995	(unaudited)	
Net sales	\$ 87,994	\$ 74,691	\$ 256,504	\$ 209,793	
Cost of sales	72,015	64,672	210,629	178,348	
Gross profit	15,979	10,019	45,875	31,445	
Selling, general and administrative expense	7,708	5,474	22,676	15,812	
Income from operations	8,271	4,545	23,199	15,633	
Interest expense	852	1,181	3,195	2,980	
Income before taxes	7,419	3,364	20,004	12,653	
Provision for income taxes	3,005	1,362	8,101	5,170	
Net income	\$ 4,414	\$ 2,002	\$ 11,903	\$ 7,483	
Net income per share	\$ .36	\$ .20	\$ 1.09	\$ .74	
Weighted average number of shares outstanding	12,239,607	10,162,900	10,904,904	10,162,900	

See accompanying notes to financial statements

## GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(in thousands)

	Nine Months Ended September 30,	
	1996	1995
	(unaudited)	
Cash flows from operating activities		
Net income	\$ 11,903	\$ 7,483
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,579	3,247
Provision for deferred income taxes	556	568
Equity investment income	(486)	(531)
Dividends from equity investments	5	275
(Gain) loss on disposition of property and equipment	7	(161)
Increase (decrease) in cash resulting from changes in (net of effects from acquisitions):		
Accounts receivable	(7,844)	(3,865)
Inventories	(9,411)	16,799
Other current assets	86	(228)
Accounts payable and accrued expenses	6,686	686
Other assets	(201)	90
Net cash provided by operating activities	5,880	24,363
Cash flows from investing activities		
Acquisition of CCHT, net of cash acquired	(23,715)	-
Acquisition of Hubbell, net of cash acquired	-	(20,859)
Purchases of property, plant and equipment (11,909)	(11,670)	-
Proceeds from sale of property and equipment	137	260
Net cash used in investing activities	(35,487)	(32,269)
Cash flows from financing activities		
Payment of Hubbell bank debt at acquisition	-	(17,779)
Long-term debt reduction	(65,891)	(36,443)
Proceeds from long-term debt	60,906	63,832
Proceeds from issuance of common stock	35,494	-
Net cash provided by financing activities	30,509	9,610
Net increase in cash and cash equivalents	902	1,704
Cash and cash equivalents at beginning of year	4,123	1,124
Cash and cash equivalents at end of period \$ 5,025	\$ 2,828	=====

See accompanying notes to financial statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

## 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements as of September 30, 1996 and 1995 have been prepared by the Company without audit. In the opinion of management, all adjustments necessary to present fairly the financial position, results of operations and cash flows at September 30, 1996 and 1995 have been included.

Certain information and footnote disclosures including significant accounting policies normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements included in the Company's Annual Report to Shareholders for the year ended December 31, 1995.

The results of operations for the nine month period ended September 30, 1996 are not necessarily indicative of the results to be expected for the full year.

## 2. INVENTORIES

Inventories consist of the following:

	(in thousands)	
	September 30, 1996 (unaudited)	December 31, 1995 (audited)
Raw material	\$ 38,514	\$ 28,307
Finished goods and work-in-process	16,171	16,967
Total inventories	\$ 54,685	\$ 45,274 =====

## 3. STOCKHOLDERS' EQUITY

During June 1996, the Company sold 2,050,000 common shares, in a public offering, at \$18.00 per share. The net proceeds were approximately \$34.4 million and were used to repay existing bank debt. In July 1996, the Company issued 11,000 of its common shares at \$16.75 per share as a contribution to one of its profit sharing plans. In September 1996, 85,000 of previously issued stock options were exercised at \$10 and \$11 per share.

The change in stockholders' equity consists of:

(in thousands, except share data)						
			Common Shares	Amount	Additional Paid-in Capital	Retained Earnings
			Shares			
Balance at						
December 31, 1995	10,173,900	\$ 102		\$ 28,803	\$ 41,339	
Net income	-	-		-	11,903	
Public offering	2,050,000	20		34,365	-	
Profit sharing plan contribution	11,000	-		184	-	
Stock options exercised	85,000	1		924	-	
Balance at						
September 30, 1996	12,319,900	\$ 123		\$ 64,276	\$ 53,242	
		=====		=====	=====	=====

#### 4. EARNINGS PER SHARE

Net income per share for the three and nine months ended September 30, 1996 and 1995 was computed by dividing net income by the weighted average number of common shares outstanding.

#### 5. ACQUISITION

On April 3, 1995, the Company purchased all of the outstanding capital stock of Wm. R. Hubbell Steel Company and its subsidiary and certain of its affiliates (Hubbell) for an aggregate cash purchase price of \$21 million. In addition, the Company repaid approximately \$18 million of Hubbell's existing bank indebtedness.

On February 14, 1996, the Company purchased all of the outstanding capital stock of Carolina Commercial Heat Treating, Inc. (CCHT) for an aggregate cash purchase price of approximately \$25 million. The funding for the purchase was provided by borrowings under the Company's existing credit facility. CCHT, headquartered in Charlotte, North Carolina, provides heat treating, brazing and related metal-processing services to a broad range of industries, including the automotive, hand tools, construction equipment and industrial machinery industries.

These acquisitions have been accounted for under the purchase method, and Hubbell's and CCHT's results of operations have been consolidated with the Company's results of operations from the respective acquisition dates. The excess of the aggregate purchase price over the fair market value of net assets of Hubbell and CCHT approximated \$10 million and \$12 million, respectively, and is being amortized over 35 years from the respective acquisition dates using the straight-line method.

The following information presents the pro forma consolidated condensed results of operations as if the acquisitions had occurred on January 1, 1995. The pro forma amounts may not be indicative of the results that actually would have been achieved had the acquisitions occurred as of January 1, 1995 and are not necessarily indicative of future results of the combined companies.

(in thousands, except per share data)  
 Nine Months Ended  
 September 30,  
 1996                      1995  
 (unaudited)

Net sales	\$ 258,749	\$ 243,751	=====	=====
Income before taxes	\$ 19,735	\$ 14,914	=====	=====
Net income	\$ 11,725	\$ 8,736	=====	=====
Net income per share	\$ 1.08	\$ .86	=====	=====

Item 2. Management's Discussion and Analysis of Financial Condition  
and Results of Operations

Results of Operations

Net sales of \$88.0 million for the third quarter ended September 30, 1996 increased 18% from sales of \$74.7 million for the prior year's third quarter. Net sales of \$256.5 million for the nine months ended September 30, 1996 increased 22% from sales of \$209.8 million in the first nine months of 1995. These increases primarily resulted from including nine months of net sales of Hubbell Steel (acquired April 1995) for 1996 compared to six months in 1995, including net sales of CCHT (acquired February 1996) and sales growth at existing operations.

Cost of sales decreased to 81.8% of net sales for the third quarter and to 82.1% of net sales for the first nine months of 1996. Gross profit increased to 18.2% in the third quarter and increased to 17.9% for the nine months from 13.4% and 15.0% in the comparable prior periods in 1995. This increase was primarily due to higher margins attributable to sales from CCHT and improvements in margins at our existing operations.

Selling, general and administrative expenses as a percentage of net sales increased to 8.8% for the third quarter and the nine months ended September 30, 1996 from 7.3% and 7.5% for the prior year comparable periods primarily due to higher costs as a percentage of sales attributable to CCHT and performance based compensation linked to the Company's sales and profitability.

Interest expense decreased by \$.3 million for the quarter and increased by approximately \$.2 million for the nine months ended September 30, 1996. These changes were primarily due to higher borrowings in the first half of the year as a result of the CCHT acquisition in February 1996 offset by a decrease in borrowings resulting from the repayment of debt in June 1996 with the net proceeds from the public offering.

As a result of the above, income before taxes increased by \$4.1 million and \$7.4 million for the quarter and the nine months ended September 30, 1996 to \$7.4 million and \$20.0 million.

Income taxes for the nine months ended September 30, 1996 approximated \$8.1 million and were based on a 40.5% effective tax rate in 1996.

## Liquidity and Capital Resources

During the first nine months of 1996, the Company increased its working capital to \$71.5 million. Long term debt was reduced to \$52.9 million. Additionally, shareholders' equity increased to \$117.6 million at September 30, 1996.

The Company's principal capital requirements are to fund its operations, including working capital, the purchase and funding of improvements to its facilities, machinery and equipment and to fund acquisitions.

Net cash provided by operations of \$5.9 million resulted primarily from net income of \$11.9 million and depreciation and amortization of \$4.6 million. Additionally accounts receivable and inventory increased by \$7.8 million and \$9.4 million (net of the effect from the acquisition of CCHT) primarily due to increased sales levels and were offset by an increase of \$6.7 million in accounts payable and accrued expenses. The \$5.9 million provided by operations and an additional \$30.5 million in net cash provided by long term financing activities were primarily used for the \$23.7 million acquisition of CCHT and \$11.9 million of capital expenditures.

In June 1996, the Company sold 2,050,000 shares of common shares in a public offering. The net proceeds from the offering which approximated \$34.4 million were used to repay outstanding indebtedness.

At September 30, 1996, the Company's aggregate credit facilities available totaled approximately \$132 million. The Company had borrowings of approximately \$54 million under these credit facilities and an additional availability of approximately \$78 million.

The Company believes that availability under its credit facilities together with funds generated from operations will be sufficient to provide the Company with the liquidity and capital resources necessary to support its operations and anticipated capital expenditures for the next twelve months.

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, thereunto duly authorized.

GIBRALTAR STEEL CORPORATION  
(Registrant)

By /x/ Brian J. Lipke  
Brian J. Lipke  
President, Chief Executive Officer  
and Chairman of the Board

By /x/ Walter T. Erazmus  
Walter T. Erazmus  
Treasurer and Chief Financial Officer  
(Principal Financial and Chief  
Accounting Officer)

Date October 28, 1996



5  
1000  
US DOLLARS

9-MOS		
	DEC-31-1996	
	JAN-01-1996	
	SEP-30-1996	
	1	5,025
	0	
	47,373	
	648	
	54,685	
	108,198	116,108
	28,865	
	221,057	
36,715		52,927
0		0
		123
	117,518	
221,057		256,504
	256,504	210,629
	210,629	
	22,676	
	0	
	3,195	
	20,004	
	8,101	
11,903		0
	0	
		0
	11,903	
	1.09	
	1.09	