

(Mark one)

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

For the quarterly period ended March 31, 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 April 30, 1996, the number of common shares outstanding was: 10,173,900.

GIBRALTAR STEEL CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands)

	March 31, 1996 (unaudited)	December 31, 1995 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,215	\$ 4,123
Accounts receivable	45,639	35,634
Inventories	51,101	45,274
Other current assets	2,517	1,964
Total current assets	101,472	86,995
Property, plant and equipment, net	81,465	67,275
Other assets	25,433	13,153
	\$ 208,370 =====	\$ 167,423 =====
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 33,224	\$ 25,845
Accrued expenses	5,467	2,367
Current maturities of long-term debt	1,215	1,214
Deferred income taxes	142	54
Total current liabilities	40,048	29,480
Long-term debt	81,632	57,840
Deferred income taxes	12,418	9,251
Other non-current liabilities	694	608
Shareholders' equity		
Preferred shares	-	-
Common shares	102	102
Additional paid-in capital	28,803	28,803
Retained earnings	44,673	41,339
Total shareholders' equity	73,578	70,244
	\$ 208,370 =====	\$ 167,423 =====

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

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

	March 31,	Three Months Ended	
		1996 (unaudited)	1995 (unaudited)
Net sales	\$ 82,034	\$ 58,765	
Cost of sales	68,005	48,579	
Gross profit		14,029	10,186
Selling, general and administrative expense	7,354	5,090	
Income from operations		6,675	5,096
Interest expense		1,073	559
Income before taxes		5,602	4,537
Provision for income taxes	2,268	1,860	
Net income		\$ 3,334	\$ 2,677
Net income per share	\$.33	\$.26	
Weighted average number of shares outstanding	10,173,900	10,162,900	

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

Three Months Ended March 31,
1996 1995
(unaudited)

Cash flows from operating activities

Net income	\$ 3,334	\$ 2,677	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,395	924	
Provision for deferred income taxes	424	(55)	
Equity investment income	(136)	(209)	
Gain on disposition of property and equipment	(25)	(27)	
Increase (decrease) in cash resulting from changes in (net of effects from acquisition of CCHT):			
Accounts receivable	(6,758)	(2,420)	
Inventories	(5,827)	(2,232)	
Other current assets	(848)	(52)	
Accounts payable and accrued expenses	9,814	1,445	
Other assets	(47)	26	
Net cash provided by operating activities	1,326	77	
Cash flows from investing activities			
Acquisition of CCHT, net of cash acquired	(23,715)	-	
Purchases of property, plant and equipment	(3,262)	(5,527)	
Proceeds from sale of property and equipment	26	60	
Net cash used in investing activities	(26,951)	(5,467)	
Cash flows from financing activities			
Long-term debt reduction	(12,283)	(2,013)	
Proceeds from long-term debt	36,000	7,332	
Net cash provided by financing activities	23,717	5,319	
Net decrease in cash and cash equivalents	(1,908)	(71)	
Cash and cash equivalents at beginning of year	4,123	1,124	
Cash and cash equivalents at end of period	\$ 2,215	\$ 1,053	=====

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 March 31, 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 March 31, 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 three month period ended March 31, 1996 are not necessarily indicative of the results to be expected for the full year.

2. INVENTORIES

Inventories consist of the following:

		(in thousands)	
		March 31, 1996 (unaudited)	December 31, 1995 (audited)
Raw material	\$ 34,739	\$ 28,307	
Finished goods and work-in-process	16,362	16,967	
Total inventories	\$ 51,101	\$ 45,274 =====	=====

3. RETAINED EARNINGS

The change in retained earnings consists of:

		(in thousands)	
		Three Months Ended March 31, 1996 (unaudited)	
Balance, beginning of year	\$ 41,339		
Net income	3,334		
Balance, end of period	\$ 44,673	=====	

4. EARNINGS PER SHARE

Net income per share for the three months ended March 31, 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)

		Three Months Ended	
		March 31,	
		1996	1995
		(unaudited)	
Net sales	\$ 84,279	\$ 81,964	=====
Income before taxes	\$ 5,333	\$ 5,747	=====
Net income	\$ 3,156	\$ 3,376	=====
Net income per share	\$.31	\$.33	=====

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

Results of Operations

Net sales of \$82.0 million for the first quarter ended March 31, 1996 increased 39.6% from sales of \$58.8 million for the prior year's first quarter. This increase resulted primarily from the net sales of Hubbell Steel (acquired in April 1995) for the quarter and the net sales of CCHT since its acquisition (February 1996) during the first quarter.

Cost of sales increased slightly to 82.9% of net sales for the first three months of 1996 from 82.7% for the prior year's first quarter. The decrease in gross profit margin to 17.1% for the first quarter in 1996 was primarily due to including Hubbell Steel's results. Hubbell Steel's products and services historically have generated slightly lower margins than the Company's other products and services.

Selling, general and administrative expenses as a percentage of net sales increased to 9.0% for the first quarter from 8.7% the prior year comparable period primarily due to performance-based compensation linked to the Company's sales and profitability.

Interest expense increased by \$.5 million for the three months ended March 31, 1996 primarily due to higher average borrowings resulting from the Hubbell and CCHT acquisitions.

As a result of the above, income before taxes increased by \$1.1 million for the three months ended March 31, 1996 to \$5.6 million.

Income taxes for the three months ended March 31, 1996 approximated \$2.3 million and was based on a 40.5% effective tax rate in 1996.

Liquidity and Capital Resources

During the first three months of 1996, the Company increased its working capital to \$61.4 million. Additionally, shareholders' equity increased to \$73.6 million at March 31, 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 income of \$3.3 million and depreciation and amortization of \$1.4 million combined with increases in accounts payable and accrued expenses (net of the CCHT acquisition) of \$9.8 million to provide cash of \$14.5 million. This was primarily offset by increases in accounts receivable and inventory of \$6.8 million and \$5.8 million, respectively, to service increased sales, which resulted in net cash provided by operations of \$1.3 million.

Net cash provided by long term financing activities of \$23.7 million in addition to the \$1.3 million in cash provided by operations and \$1.9 million in cash on hand at the beginning of the quarter were primarily used for the acquisition of CCHT for \$23.7 million (net of cash acquired) and \$3.3 million of capital expenditures for the quarter.

At March 31, 1996, the Company's aggregate credit facilities available totaled \$132 million. The Company had borrowings of \$82.8 million under these credit facilities and an additional availability of \$49.2 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.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K dated February 14, 1996 and a Form 8-K/A dated April 12, 1996 to report its purchase of all the outstanding capital stock of Carolina Commercial Heat Treating, Inc.

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 May 14, 1996

3-MOS
DEC-31-1996
JAN-01-1996
MAR-31-1996
1
2,215
0
46,202
563
51,101
101,472
118,698
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.33
.33