

Executive Order

Rock Steady

Since going public in 1993, Gibraltar Industries has been on an acquisition tear. CEO Brian J. Lipke provides a peek inside his process **BY RICH BLAKE**

With 28 acquisitions under his belt, Brian J. Lipke, the CEO of Gibraltar Industries, certainly knows how to play the game. “I’ve had owners at the eleventh hour say, ‘Up the offer by 20 percent or else the deal is off,’” he says, “and then act surprised when I say, ‘Well, sorry — no deal.’”

Gibraltar’s rapid expansion in recent years has come as something of a surprise. In 1972, when Lipke’s late father, Ken, a former bandleader and chiropractor, bought a steel-processing business in Buffalo, New York, the city’s two major steelmakers, Bethlehem and Republic*, were starting to shut down. Against long odds, Gibraltar forged ahead, defying logic by *expanding* its operations. By the mid-’80s, the company was hitting \$100 million in annual sales.

“Once we did the IPO [in 1993], we knew we had to grow faster,” Lipke says.

That’s when the buying began in earnest. Gibraltar has executed almost all of its acquisitions — nine in the past three years alone — with cash, including its largest deal to date, a \$240 million acquisition of Alabama Metal Industries Corporation in October 2005. For that deal, Gibraltar secured a bridge loan from a consortium of banks, refinancing it through a mix of syndicate offerings and high-yield paper. “Even when you factor in debt-servicing costs, these acquisitions have added to our earnings,” Lipke says.

SCORECARD

Brian J. Lipke

Age 55

City Buffalo, New York

Firm Gibraltar Industries

Position Chairman and CEO

Education Attended the University of Akron and Alfred University

Career Arc Started out working for his father’s company as a gofer; worked his way up to production scheduler, purchasing and eventually management. Took over as CEO in 1987.

Really Big Deal In 1993, Lipke pulled off the biggest deal of his life when Gibraltar (Nasdaq: ROCK) went public at \$7 a share (split-adjusted) for a \$110 million market cap. Its 2006 market cap peaked at over \$900 million.

CEO Brian J. Lipke (left) and COO Henning N. Kornbrekke, Gibraltar’s dynamic duo

Overall, bankers from a half-dozen firms, from JPMorgan to Key Bank, have aided Gibraltar on a variety of offerings, including its own IPO and a recent \$204 million debt offering. Acquisition targets come from bulge and boutique banks alike, but Lipke and his team often have their eyes on a specific prize. That was the case with their long-sought-after pickup of part of Youngstown, Ohio, mailbox maker Steel City.

Henning N. Kornbrekke, Gibraltar’s COO and in-house deal architect, explains that although the company relies on bankers, he makes sure they refrain from inserting themselves into the process in a heavy-handed, off-putting way. “Sometimes, bankers have the [mindset] that they’re earning fees, so they can get pretty aggressive,” Kornbrekke says. “Some of these guys are pretty over the top.”

Gibraltar deals generally fall into one of two boxes — bolt-on or strategic — and Lipke has seen it all. The toughest deals to complete typically involve entrepreneurs who have built their businesses from scratch and find it hard to let go. Steel City had been on Gibraltar’s radar screen for *six years*, Lipke notes, but “they were never ready to sell.”

In any event, he doesn’t see Gibraltar’s shopping spree ending anytime soon. The company, which currently generates \$1.4 billion in annual sales, hopes to reach the \$2 billion mark by 2009. “We’re working on several deals right now,” Lipke says. □



*** FOOTNOTE**
Both of these former steel giants ultimately fell into the hands of Wilbur Ross’s International Steel Group, in turn bought by Mittal Steel, which then merged with Arcelor. The godfather appears over, however; the gods have ordered Arcelor Mittal to sell some of its North American holdings. Let the bidding begin.

Photograph by MIKE GROLL