



**For Immediate Release  
January 24, 2002**

## **GIBRALTAR REPORTS FOURTH-QUARTER AND 2001 RESULTS**

### ***Company Reduced Inventories, Debt, and Expenses in 2001; Expects Improved Performance in 2002***

BUFFALO, NEW YORK (January 24, 2002) – Gibraltar (Nasdaq: ROCK) today reported its sales and earnings for the quarter and year ended December 31, 2001. It said that it continued to make progress reducing its inventories, debt, and expenses in the fourth quarter. The Company also said that, barring further deterioration in the economy, it expects improved performance in 2002.

In 2001, sales were \$616 million, a decrease of 9.1 percent from sales of \$678 million in 2000. In the fourth quarter of 2001, sales were \$140 million, down 6.4 percent from \$150 million in the fourth quarter of 2000.

Net income in 2001 was \$12.5 million, or \$.98 per diluted share, compared to \$24.4 million, or \$1.92 per diluted share, in 2000. Net income in the fourth quarter of 2001 was \$1.5 million, or \$.12 per diluted share, compared to \$3.2 million, or \$.26 per diluted share, in the fourth quarter of 2000.

“As we said earlier this month, many of our customers reduced their production levels in late 2000 as the economy started to slow, and reduced them more sharply in 2001 as economic activity dropped off more dramatically, which impacted our sales and earnings,” said Brian J. Lipke, Chairman and Chief Executive Officer.

“We took steps to meet the economic slowdown head on. During 2001, we improved our inventory turnover on lower sales and reduced our inventories by approximately \$25 million, or 25 percent. We funded the acquisition of Pennsylvania Industrial Heat Treaters this past February, and still reduced our long-term debt by \$44 million. We also attacked our expenses by consolidating facilities, cutting overtime costs, matching our workforce to lower sales volumes, putting a wage and hiring freeze in place, and reducing or eliminating all non-essential spending,” said Mr. Lipke.

“In spite of the slowdown, we have continued to invest in our business, with 2001 capital expenditures of \$14.3 million, on top of the approximately \$140 million we invested between 1993 and 2000. Those investments – and all 3,400 members of the Gibraltar Team – are focused on strengthening our position as the low-cost, high-quality provider of goods and services for our customers. Since the vast majority of our people participate in performance-based compensation programs, they have a personal stake in driving our profitability higher,” said Mr. Lipke.

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“We see an increasing number of positives for 2002. Interest rates have been cut by 475 basis points, which should reduce our interest expense and foster growth in interest-sensitive parts of the economy. Two of our largest building products customers – The Home Depot and Lowe’s – have announced aggressive growth plans for the next three years. Automotive inventories are lower at the beginning of 2002 than at any time since the mid 1980s, and some automakers are projecting first-quarter production levels higher than a year ago. And the current price of steel (which is our raw material) should help mitigate some of the sales softness,” said Mr. Lipke.

“As a result of the steps we have taken to make Gibraltar stronger – and growing indications that the economy will strengthen in the coming year – we expect improved performance in 2002.

“When we went public in 1993, our goals were to increase our sales to \$1 billion and our net income to \$45 million by 2003. While the economic slowdown has temporarily interrupted our growth, we remain clearly focused on those goals, and we continue to pursue growth opportunities – with our existing operations and acquisitions,” said Mr. Lipke.

Gibraltar is one of North America’s leading metal processors, a manufacturer of more than 5,000 steel and other metal products, and the nation’s second-largest commercial heat treater. The Company serves approximately 10,000 customers in a variety of industries. It has approximately 3,400 employees and operates 54 facilities in 20 states and Mexico.

Information contained in this release, other than historical information, should be considered forward-looking, and may be subject to a number of risk factors, including: the impact of changing steel prices on the Company’s results of operations; changing demand for the Company’s products; risks associated with the integration of acquisitions; and changes in interest or tax rates.

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Investors and the general public are invited to listen to an Internet Web cast of the Company’s quarterly conference call, which will be held at 2 p.m. on January 24. Details about the call can be found on Gibraltar’s Web site, at [www.gibraltar1.com](http://www.gibraltar1.com).

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Gibraltar’s news releases, along with comprehensive information about the Company, are available on the Internet, at [www.gibraltar1.com](http://www.gibraltar1.com).

GIBRALTAR STEEL CORPORATION  
Financial Highlights  
(in thousands, except per share data)

|   | Three Months Ended       |                          |
|---|--------------------------|--------------------------|
|   | <u>December 31, 2001</u> | <u>December 31, 2000</u> |
| Net Sales                                   | \$ 140,444               | \$ 150,057               |
| Net Income                                  | \$ 1,535                 | \$ 3,248                 |
| Net Income Per Share-Basic                  | \$ .12                   | \$ .26                   |
| Weighted Average Shares Outstanding-Basic   | 12,600                   | 12,570                   |
| Net Income Per Share-Diluted                | \$ .12                   | \$ .26                   |
| Weighted Average Shares Outstanding-Diluted | 12,788                   | 12,641                   |

|   | Twelve Months Ended      |                          |
|---|--------------------------|--------------------------|
|   | <u>December 31, 2001</u> | <u>December 31, 2000</u> |
| Net Sales                                   | \$ 616,028               | \$ 677,540               |
| Net Income                                  | \$ 12,533                | \$ 24,365                |
| Net Income Per Share-Basic                  | \$ 1.00                  | \$ 1.94                  |
| Weighted Average Shares Outstanding-Basic   | 12,591                   | 12,577                   |
| Net Income Per Share-Diluted                | \$ .98                   | \$ 1.92                  |
| Weighted Average Shares Outstanding-Diluted | 12,773                   | 12,685                   |

GIBRALTAR STEEL CORPORATION  
CONSOLIDATED BALANCE SHEET  
(in thousands, except share and per share data)

|   | December 31, |            |
|---|--------------|------------|
|   | 2001         | 2000       |
| <b>ASSETS</b>   |              |            |
| Current assets:   |              |            |
| Cash and cash equivalents   | \$ 8,150     | \$ 1,701   |
| Accounts receivable   | 76,696       | 78,358     |
| Inventories   | 75,847       | 100,987    |
| Other current assets  | 5,922        | 6,548      |
| Total current assets  | 166,615      | 187,594    |
| Property, plant and equipment, net  | 228,443      | 229,159    |
| Goodwill  | 132,717      | 130,368    |
| Other assets  | 7,265        | 8,925      |
|   | \$ 535,040   | \$ 556,046 |
| <br><b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |              |            |
| Current liabilities:  |              |            |
| Accounts payable  | \$ 43,612    | \$ 39,285  |
| Accrued expenses  | 17,126       | 15,575     |
| Current maturities of long-term debt  | 813          | 327        |
| Total current liabilities   | 61,551       | 55,187     |
| Long-term debt  | 211,462      | 255,526    |
| Deferred income taxes   | 38,043       | 34,325     |
| Other non-current liabilities   | 5,637        | 2,660      |
| Shareholders' equity  |              |            |
| Preferred shares, \$.01 par value; authorized:<br>10,000,000 shares; none outstanding   | -            | -          |
| Common shares, \$.01 par value; authorized:<br>50,000,000 shares; outstanding:<br>12,607,061 shares in 2001 and 12,567,147 shares in 2000 | 126          | 126        |
| Additional paid-in capital  | 69,221       | 68,475     |
| Retained earnings   | 150,578      | 139,747    |
| Accumulated comprehensive loss  | (1,578)      | -          |
| Total shareholders' equity  | 218,347      | 208,348    |
|   | \$ 535,040   | \$ 556,046 |

GIBRALTAR STEEL CORPORATION  
CONSOLIDATED STATEMENT OF INCOME  
(in thousands, except per share data)

|   | Year Ended December 31, |                  |                  |
|---|-------------------------|------------------|------------------|
|   | <u>2001</u>             | <u>2000</u>      | <u>1999</u>      |
| Net sales                                     | \$ 616,028              | \$ 677,540       | \$ 621,918       |
| Cost of sales                                 | <u>499,945</u>          | <u>541,743</u>   | <u>493,945</u>   |
| Gross profit                                  | 116,083                 | 135,797          | 127,973          |
| Selling, general and administrative expense   | <u>78,574</u>           | <u>75,905</u>    | <u>72,504</u>    |
| Income from operations                        | 37,509                  | 59,892           | 55,469           |
| Interest expense                              | <u>16,446</u>           | <u>18,942</u>    | <u>13,439</u>    |
| Income before taxes                           | 21,063                  | 40,950           | 42,030           |
| Provision for income taxes                    | <u>8,530</u>            | <u>16,585</u>    | <u>17,022</u>    |
| Net income                                    | <u>\$ 12,533</u>        | <u>\$ 24,365</u> | <u>\$ 25,008</u> |
| Net income per share - Basic                  | <u>\$ 1.00</u>          | <u>\$ 1.94</u>   | <u>\$ 1.99</u>   |
| Weighted average shares outstanding - Basic   | <u>12,591</u>           | <u>12,577</u>    | <u>12,540</u>    |
| Net income per share - Diluted                | <u>\$ .98</u>           | <u>\$ 1.92</u>   | <u>\$ 1.95</u>   |
| Weighted average shares outstanding - Diluted | <u>12,773</u>           | <u>12,685</u>    | <u>12,806</u>    |

GIBRALTAR STEEL CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(in thousands)

|   | Year Ended December 31, |           |           |
|---|-------------------------|-----------|-----------|
|   | 2001                    | 2000      | 1999      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                         |           |           |
| Net income  | \$ 12,533               | \$ 24,365 | \$ 25,008 |
| Adjustments to reconcile net income to net cash provided by operating activities:         |                         |           |           |
| Depreciation and amortization   | 23,486                  | 21,188    | 17,452    |
| Provision for deferred income taxes   | 4,545                   | 5,252     | 2,383     |
| Undistributed equity investment income  | 547                     | (253)     | (466)     |
| Other noncash adjustments   | 157                     | 116       | 697       |
| Increase (decrease) in cash resulting from changes in (net of effects from acquisitions): |                         |           |           |
| Accounts receivable   | 2,290                   | 5,660     | (118)     |
| Inventories   | 25,140                  | (206)     | 6,873     |
| Other current assets  | 495                     | (2,829)   | (272)     |
| Accounts payable and accrued expenses   | 5,885                   | (16,551)  | 10,242    |
| Other assets  | 739                     | (2,622)   | (1,130)   |
| Net cash provided by operating activities   | 75,817                  | 34,120    | 60,669    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                         |           |           |
| Acquisitions, net of cash acquired  | (10,832)                | (42,880)  | (65,380)  |
| Investments in property, plant and equipment  | (14,344)                | (19,619)  | (21,999)  |
| Net proceeds from sale of property and equipment  | 435                     | 7,753     | 2,838     |
| Net cash used in investing activities   | (24,741)                | (54,746)  | (84,541)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                         |           |           |
| Long-term debt reduction  | (92,843)                | (63,157)  | (67,160)  |
| Proceeds from long-term debt  | 49,265                  | 82,389    | 94,081    |
| Repurchase of common stock  | -                       | (181)     | -         |
| Net proceeds from issuance of common stock  | 589                     | 36        | 1,014     |
| Payment of dividends  | (1,638)                 | (1,447)   | (1,253)   |
| Net cash (used in) provided by financing activities                                       | (44,627)                | 17,640    | 26,682    |
| Net increase (decrease) in cash and cash equivalents                                      | 6,449                   | (2,986)   | 2,810     |
| Cash and cash equivalents at beginning of year  | 1,701                   | 4,687     | 1,877     |
| Cash and cash equivalents at end of year  | \$ 8,150                | \$ 1,701  | \$ 4,687  |