



**For Immediate Release
July 20, 2001**

GIBALTAR GIBALTAR REPORTS SECOND-QUARTER RESULTS

Earnings up 56.5 Percent From First Quarter on 8.6 Percent Sales Increase

BUFFALO, NEW YORK (July 20, 2001) – Gibraltar (Nasdaq: ROCK) today reported its sales and earnings for the three and six months ended June 30, 2001. Sales in the second quarter of 2001 were \$163.6 million, down 9.9 percent from \$181.5 million in the second quarter of 2000, but up 8.6 percent from the first quarter. Sales in the first six months of 2001 were \$314.1 million, a decrease of 10.0 percent from \$349.2 million in the first half of 2000.

Net income in the second quarter of 2001 was \$4.5 million, or \$.35 per diluted share, compared to \$7.9 million, or \$.62 per diluted share, in the second quarter of 2000. Net income increased 56.5 percent from the first quarter. During the first half of 2001, net income was \$7.4 million, or \$.58 per diluted share, compared to \$13.9 million, or \$1.09 per diluted share, in the first half of 2000.

Gibraltar's sales and earnings in the second quarter and first half of 2000 were the best-ever for those periods, which makes for difficult comparisons.

"As expected, since the second and third quarters are historically the strongest periods for our business, our second-quarter sales, earnings, and margins improved from our first-quarter results," said Brian J. Lipke, Chairman and Chief Executive Officer.

"While our second-quarter performance showed marked improvement, we continue to experience difficult operating conditions. Many of our customers are operating at levels well below where they were a year ago, especially in the automotive market (which represents approximately 30 percent of our business). In response to the slowdown, we continued to bring our cost structure into line with our current volume of business," said Mr. Lipke.

"During the quarter, we continued to drive down our inventories, which we have reduced by \$11.3 million, or 11.2 percent, in the first six months of 2001. The additional inventory reduction in the second quarter was even more noteworthy due to increased sales levels, and we believe it solidified our standing as one of the best inventory managers in the business," said Mr. Lipke.

"The continued reduction in our inventories and our other cost-containment initiatives – including cutting overtime costs, consolidation of facilities, reductions in our discretionary spending, and steps to match our workforce with lower sales volumes – allowed us to dramatically improve our results from the first quarter," said Mr. Lipke.

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“Our geographic, customer, and product diversification – especially in the construction products area, which generated strong second-quarter results – served us well during the quarter. We also saw our margins strengthen in the quarter, which again underscores the importance of our focus on higher value-added, higher-margin products, processes, and services, like construction products and heat treating,” said Mr. Lipke.

Gibraltar is a growth-oriented company, with expanding operations in the building and construction products, metal processing, and commercial heat-treating markets. The Company serves approximately 10,000 customers in a variety of industries. It has approximately 3,500 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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Gibraltar will review its second-quarter results during its quarterly conference call, which will be held at 10 a.m. Eastern Time on July 20. Investors and the general public are invited to listen to an Internet Web cast of the call, details of which can be found on Gibraltar’s Web site (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.

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

	Three Months Ended	
	<u>June 30, 2001</u>	<u>June 30, 2000</u>
	(unaudited)	
Net Sales	\$ 163,550	\$ 181,523
Net Income	\$ 4,518	\$ 7,854
Net Income Per Share-Basic	\$.36	\$.62
Weighted Average Shares Outstanding-Basic	12,588	12,580
Net Income Per Share-Diluted	\$.35	\$.62
Weighted Average Shares Outstanding-Diluted	12,802	12,674

	Six Months Ended	
	<u>June 30, 2001</u>	<u>June 30, 2000</u>
	(unaudited)	
Net Sales	\$ 314,100	\$ 349,157
Net Income	\$ 7,404	\$ 13,869
Net Income Per Share-Basic	\$.59	\$ 1.10
Weighted Average Shares Outstanding-Basic	12,583	12,580
Net Income Per Share-Diluted	\$.58	\$ 1.09
Weighted Average Shares Outstanding-Diluted	12,741	12,696

GIBRALTAR STEEL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands)

	June 30, <u>2001</u> (unaudited)	December 31, <u>2000</u> (audited)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 38	\$ 1,701
Accounts receivable	97,983	78,358
Inventories	89,696	100,987
Other current assets	7,836	6,548
Total current assets	<u>195,553</u>	<u>187,594</u>
Property, plant and equipment, net	231,885	229,159
Goodwill	134,814	130,368
Other assets	9,173	8,925
	<u>\$ 571,425</u>	<u>\$ 556,046</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 59,367	\$ 39,285
Accrued expenses	17,296	15,575
Current maturities of long-term debt	329	327
Total current liabilities	<u>76,992</u>	<u>55,187</u>
Long-term debt	239,584	255,526
Deferred income taxes	36,148	34,325
Other non-current liabilities	3,929	2,660
Shareholders' equity		
Preferred shares	-	-
Common shares	126	126
Additional paid-in capital	68,952	68,475
Retained earnings	146,333	139,747
Accumulated comprehensive loss	(639)	-
Total shareholders' equity	<u>214,772</u>	<u>208,348</u>
	<u>\$ 571,425</u>	<u>\$ 556,046</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	(unaudited)		(unaudited)	
Net sales	\$ 163,550	\$ 181,523	\$ 314,100	\$ 349,157
Cost of sales	<u>131,469</u>	<u>144,907</u>	<u>253,534</u>	<u>277,993</u>
Gross profit	32,081	36,616	60,566	71,164
Selling, general and administrative expense	<u>20,027</u>	<u>19,200</u>	<u>38,770</u>	<u>39,430</u>
Income from operations	12,054	17,416	21,796	31,734
Interest expense	<u>4,460</u>	<u>4,217</u>	<u>9,352</u>	<u>8,425</u>
Income before taxes	7,594	13,199	12,444	23,309
Provision for income taxes	<u>3,076</u>	<u>5,345</u>	<u>5,040</u>	<u>9,440</u>
Net income	\$ <u><u>4,518</u></u>	\$ <u><u>7,854</u></u>	\$ <u><u>7,404</u></u>	\$ <u><u>13,869</u></u>
Net income per share - Basic	\$ <u><u>.36</u></u>	\$ <u><u>.62</u></u>	\$ <u><u>.59</u></u>	\$ <u><u>1.10</u></u>
Weighted average number of shares outstanding-Basic	<u>12,588</u>	<u>12,580</u>	<u>12,583</u>	<u>12,580</u>
Net income per share-Diluted	\$ <u><u>.35</u></u>	\$ <u><u>.62</u></u>	\$ <u><u>.58</u></u>	\$ <u><u>1.09</u></u>
Weighted average number of shares outstanding-Basic	<u>12,802</u>	<u>12,674</u>	<u>12,741</u>	<u>12,696</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

	Six Months Ended June 30,	
	2001	2000
	(unaudited)	
<u>Cash flows from operating activities</u>		
Net income	\$ 7,404	\$ 13,869
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,582	10,291
Provision for deferred income taxes	2,351	1,050
Undistributed equity investment income	266	(232)
Other noncash adjustments	58	58
Increase (decrease) in cash resulting from changes in (net of effects from acquisitions):		
Accounts receivable	(18,997)	(18,173)
Inventories	11,291	(1,313)
Other current assets	(1,690)	(681)
Accounts payable and accrued expenses	20,612	12,244
Other assets	(694)	(3,150)
Net cash provided by operating activities	<u>32,183</u>	<u>13,963</u>
<u>Cash flows from investing activities</u>		
Acquisitions, net of cash acquired	(10,832)	-
Purchases of property, plant and equipment	(7,915)	(9,338)
Net proceeds from sale of property and equipment	177	7,249
Net cash used in investing activities	<u>(18,570)</u>	<u>(2,089)</u>
<u>Cash flows from financing activities</u>		
Long-term debt reduction	(35,334)	(32,363)
Proceeds from long-term debt	20,394	22,411
Payment of dividends	(755)	(692)
Net proceeds from issuance of common stock	419	35
Net cash used in financing activities	<u>(15,276)</u>	<u>(10,609)</u>
Net (decrease) increase in cash and cash equivalents	(1,663)	1,265
Cash and cash equivalents at beginning of year	<u>1,701</u>	<u>4,687</u>
Cash and cash equivalents at end of period	<u>\$ 38</u>	<u>\$ 5,952</u>