FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended September 30, 2000

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
(State or other jurisdiction of incorporation or organization)

16-1445150
(I.R.S. Employer 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 X . No ___.

As of September 30, 2000, the number of common shares outstanding was: 12,579,719.

GIBRALTAR STEEL CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands)

	September 30, 2000 (unaudited)	December 31, 1999 (audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 3,529	$ 4,687
Accounts receivable	98,719	78,418
Inventories	102,758	94,994
Other current assets	4,768	4,492
Total current assets	209,774	182,591
Property, plant and equipment, net	228,197	216,030
Goodwill	131,290	115,350
Other assets	9,678	8,109
	$ 578,939	$ 522,080
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 48,648	$ 48,857
Accrued expenses	22,884	19,492
Current maturities of long-term debt	314	1,319
Total current liabilities	71,846	69,668
Long-term debt	266,289	235,302
Deferred income taxes	32,565	29,328
Other non-current liabilities	2,610	2,323
Shareholders' equity		
Preferred shares	-	-
Common shares	126	126
Additional paid-in capital	68,445	68,323
Retained earnings	137,058	117,010
Total shareholders' equity	205,629	185,459
	$ 578,939	$ 522,080

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

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

	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999
	(unaudited)		(unaudited)	
Net sales	$ 178,326	$ 162,909	$ 527,483	$ 466,954
Cost of sales	142,463	128,664	420,456	371,290
Gross profit	35,863	34,245	107,027	95,664
Selling, general and administrative expense	18,595	18,819	58,025	53,202
Income from operations	17,268	15,426	49,002	42,462
Interest expense	5,086	3,318	13,511	9,740
Income before taxes	12,182	12,108	35,491	32,722
Provision for income taxes	4,934	4,903	14,374	13,252
Net income	$ 7,248	$ 7,205	$ 21,117	$ 19,470
Net income per share-Basic	$ .58	$ .57	$ 1.68	$ 1.55
Weighted average number of shares outstanding-Basic	12,580	12,563	12,580	12,530
Net income per share-Diluted	$ .57	$ .56	$ 1.66	$ 1.52
Weighted average number of shares outstanding-Diluted	12,708	12,862	12,700	12,790

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30, 2000	1999
	(unaudited)	
Cash flows from operating activities		
Net income	$ 21,117	$ 19,470
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,763	12,699
Provision for deferred income taxes	3,358	1,921
Undistributed equity investment income	(461)	(293)
Other noncash adjustments	87	587
Increase (decrease) in cash resulting from changes in (net of acquisitions):		
Accounts receivable	(14,481)	(15,912)
Inventories	(1,977)	6,286
Other current assets	(460)	(597)
Accounts payable and accrued expenses	(96)	21,849
Other assets	(3,175)	(955)
Net cash provided by operating activities	19,675	45,055
Cash flows from investing activities		
Acquisitions, net of cash acquired	(43,267)	(31,484)
Purchases of property, plant and equipment	(13,849)	(17,917)
Net proceeds from sale of property and equipment	7,335	2,425
Net cash used in investing activities	(49,781)	(46,976)
Cash flows from financing activities		
Long-term debt reduction	(43,929)	(62,727)
Proceeds from long-term debt	73,911	66,953
Payment of dividends	(1,069)	(1,253)
Net proceeds from issuance of common stock	35	890
Net cash provided by financing activities	28,948	3,863
Net (decrease)increase in cash and cash equivalents	(1,158)	1,942
Cash and cash equivalents at beginning of year	4,687	1,877
Cash and cash equivalents at end of period	$ 3,529	$ 3,819

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements as of September 30, 2000 and 1999 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, 2000 and 1999 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, 1999.

The results of operations for the nine month period ended September 30, 2000 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, 2000 (unaudited)	December 31, 1999 (audited)
Raw material	$ 62,817	$ 59,899
Finished goods and work-in-process	39,941	35,095
Total inventories	$102,758	$ 94,994

3. SHAREHOLDERS’ EQUITY

The changes in shareholders’ equity consist of:

(in thousands)

	Common Shares	Shares Amount	Additional Paid-in Capital	Retained Earnings
December 31, 1999	12,577	$ 126	$ 68,323	$117,010
Net Income	-	-	-	21,117
Stock options exercised	3	-	35	-
Earned portion of restricted stock	-	-	87	-
Cash dividends-$.085 per share	-	-	-	(1,069)
September 30, 2000	12,580	$ 126	$ 68,445	$137,058

4. EARNINGS PER SHARE

Basic net income per share equals net income divided by the weighted average shares outstanding for the nine months ended September 30, 2000 and 1999. The computation of diluted net income per share includes all dilutive common stock equivalents in the weighted average shares outstanding. The reconciliation between basic and diluted earnings per share is as follows:

	Income	Basic Shares	Basic EPS	Diluted Shares	Diluted EPS
2000	$21,117,000	12,579,619	$1.68	12,699,683	$1.66
1999	$19,470,000	12,529,765	$1.55	12,790,462	$1.52

Options to purchase 1,163,594 shares of the Company's common stock are outstanding as of September 30, 2000, which are exercisable at prices ranging from $10.00 to $22.50 per share. Included in diluted shares are common stock equivalents relating to options of 120,064 and 260,697 for 2000 and 1999, respectively.

5. ACQUISITIONS

On July 17, 2000, the Company purchased all the outstanding capital stock of Milcor Limited Partnership (Milcor) for approximately $43 million in cash. Milcor manfactures a complete line of metal building products, including registers, vents, bath cabinets, access doors, roof hatches and telescoping doors.

On December 1, 1999, the Company purchased all the outstanding capital stock of Hughes Manufacturing, Inc.(Hughes) for approximately $11.5 million in cash. Hughes manufactures a broad line of fully engineered, code-approved steel lumber connectors and other metal hardware products.

On November 1, 1999, the Company purchased all the outstanding capital stock of Brazing Concepts Company (Brazing Concepts) for approximately $25 million in cash. Brazing Concepts provides a wide variety of value-added brazing (i.e., metal joining), assembly and other metallurgical heat treating services on customer-owned materials.

On August 1, 1999, the Company purchased the assets and business of Hi-Temp Incorporated (Hi-Temp) for approximately $24 million in cash. Hi-Temp provides metallurgical heat treating services in which customer-owned parts are exposed to precise temperature and other conditions to improve their material properties, strength and durability.

On July 1, 1999, the Company purchased all the outstanding capital stock of K & W Metal Fabricators, Inc. d/b/a Weather Guard Building Products (Weather Guard) for approximately $7 million in cash. Weather Guard manufactures a full line of metal building products, including rain-carrying systems, metal roofing and roofing accessories, for industrial, commercial and residential applications.

These acquisitions have been accounted for under the purchase method with the results of their operations consolidated with the Company's results of operations from the respective acquisition dates. The aggregate excess of the purchase prices of these acquisitions over the fair market values of the net assets of the acquired companies is being amortized over 35 years from the 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, 1999. 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, 1999 and are not necessarily indicative of future results of the combined companies.

(in thousands, except per share data)	Nine Months Ended September 30 2000 (unaudited)	Nine Months Ended September 30 1999 (unaudited)
Net sales	$ 554,292	$ 523,192
Income before taxes	$ 35,990	$ 34,985
Net income	$ 21,414	$ 20,816
Net income per share-Basic	$ 1.70	$ 1.66

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

Results of Operations

Net sales of $178.3 million for the third quarter ended September 30, 2000 increased 9.5% from net sales of $162.9 million for the prior year’s third quarter despite the elimination of approximately $4.0 million in sales from disposed of operations that were included in the prior year's third quarter sales. Net sales of $527.5 million for the nine months ended September 30, 2000 increased 13.0% from net sales of $467.0 million for the same period of 1999. These increases resulted from including net sales of Weather Guard (acquired July 1, 1999), Hi-Temp (acquired August 1, 1999), Brazing Concepts (acquired November 1, 1999),Hughes (acquired December 1, 1999)and Milcor (acquired July 17, 2000) (collectively, the Acquisitions) together with sales growth at existing operations.

Cost of sales as a percentage of net sales increased to 79.9% for the third quarter ended September 30, 2000 from 79.0% for the prior year's third quarter, and to 79.7% for the nine months ended September 30, 2000 from 79.5% for the same period in 1999, primarily due to higher raw material costs at existing operations.

Selling, general and administrative expenses as a percentage of net sales decreased to 10.4% for the third quarter ended September 30, 2000 from 11.6% for the same period of 1999 and decreased to 11.0% for the nine month period ended September 30, 2000 from 11.4% for the same nine month period in 1999. These decreases were primarily due to the elimination of expenses from disposed of operations and decreases in performance based compensation, offset by higher costs attributable to the Acquisitions.

Interest expense for the third quarter and nine months ended September 30, 2000 increased by $1.8 million and $3.8 million, respectively, from the same periods in 1999 primarily due to higher interest rates in effect and higher average borrowings during 2000 to finance the Acquisitions and capital expenditures.

As a result of the above, income before taxes increased by $.1 million and $2.8 million for the third quarter and nine months ended September 30, 2000 from the same periods of 1999.

Income taxes for the third quarter and nine months ended September 30, 2000 approximated $4.9 million and $14.4 million, respectively, and were based on a 40.5% effective tax rate in both periods.

Liquidity and Capital Resources

During the first nine months of 2000, the Company’s working capital increased to $137.9 million. Additionally, shareholders’ equity increased by $20.2 million at September 30, 2000 to $205.6 million.

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 $19.7 million resulted primarily from net income of $21.1 million, depreciation and amortization of $15.8 million and the provision for deferred income taxes of $3.4 million, offset by increases in accounts receivable of $14.5 million and inventories of $2.0 million, necessary to service increased sales levels, and an increase in other assets of $3.2 million.

The $19.7 million of net cash provided by operations, $7.3 million in net proceeds from the sale of property and equipment and $30.0 million in net borrowings under the Company's revolving credit facility were used to fund the acquisition of Milcor, capital expenditures of $13.8 million and cash dividends of $1.1 million.

At September 30, 2000 the Company’s revolving credit facility available approximated $310 million, with borrowings of approximately $261 million and an additional availability of approximately $49 million.

The Company believes that availability of funds under its credit facilities together with cash generated from operations will be sufficient to provide the Company with the liquidity and capital resources necessary to support its existing operations.

Recent Accounting Pronouncement

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 *Accounting for Derivative Instruments and Hedging Activities* (FAS No. 133) which requires recognition of the fair value of derivatives in the statement of financial position, with changes in the fair value recognized either in earnings or as a component of other comprehensive income dependent upon the hedging nature of the derivative. Implementation of FAS No. 133 is required for the first quarter of fiscal 2001. The Company does not believe that FAS No. 133 will have a material impact on its earnings or other comprehensive income.

Safe Harbor Statement

The Company wishes to take advantage of the Safe Harbor provisions included in the Private Securities Litigation Reform Act of 1995 (the "Act"). Statements by the Company, other than historical information, constitute "forward looking statements" within the meaning of the Act and may be subject to a number of risk factors. Factors that could affect these statements include, but are not limited to, the following: the impact of changing steel prices on the Company’s results of operations; changing demand for the Company’s products and services; and changes in interest or tax rates.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

1. Exhibits

   a. Exhibit 10.1 - Third Amended and Restated Credit Agreement Dated September 29, 2000 among Gibraltar Steel Corporation, Gibraltar Steel Corporation of New York, Chase Manhattan Bank, N.A., as Administrative Agent, and various Financial Institutions that are signatories thereto

   b. Exhibit 27 - Financial Data Schedule

2. Reports on Form 8-K. There were no reports on Form 8-K during the nine months ended September 30, 2000.

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
Chief Executive Officer and
Chairman of the Board

By /x/ Walter T. Erazmus
Walter T. Erazmus
President

By /x/ John E. Flint
Vice President
Chief Financial Officer
(Principal Financial and
Chief Accounting Officer)

Date November 10, 2000