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 June 30, 1999

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 incorporation or organization)	(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 June 30, 1999, the number of common shares outstanding was: 12,549,502.

GIBRALTAR STEEL CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands)

	June 30, 1999 (unaudited)	December 31, 1998 (audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 6,065	$ 1,877
Accounts receivable	87,032	71,070
Inventories	89,535	99,351
Other current assets	3,888	3,536
Total current assets	186,520	175,834
Property, plant and equipment, net	179,590	176,221
Other assets	86,747	86,380
	$ 452,857	$ 438,435
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 48,612	$ 38,601
Accrued expenses	17,990	11,646
Current maturities of long-term debt	1,315	1,351
Total current liabilities	67,917	51,598
Long-term debt	183,724	199,395
Deferred income taxes	26,495	25,289
Other non-current liabilities	2,016	1,845
Shareholders' equity		
Preferred shares	-	-
Common shares	125	125
Additional paid-in capital	67,684	66,613
Retained earnings	104,896	93,570
Total shareholders' equity	172,705	160,308
	$ 452,857	$ 438,435

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	(unaudited)			
(unaudited)				
Net sales	$ 160,241	$ 144,882	$ 304,045	$ 261,265
Cost of sales	127,240	117,989	242,626	214,212
Gross profit	33,001	26,893	61,419	47,053
Selling, general and administrative expense	17,648	14,563	34,383	26,249
Income from operations	15,353	12,330	27,036	20,804
Interest expense	3,103	2,745	6,422	4,351
Income before taxes	12,250	9,585	20,614	16,453
Provision for income taxes	4,962	3,834	8,349	6,581
Net income	$ 7,288	$ 5,751	$ 12,265	$ 9,872
Net income per share-Basic	$ .58	$ .46	$ .98	$ .79
Weighted average number of shares outstanding-Basic	12,530	12,451	12,513	12,431
Net income per share-Diluted	$ .57	$ .45	$ .96	$ .78
Weighted average number of shares outstanding-Diluted	12,796	12,698	12,754	12,653

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Six Months Ended June 30, 1999	1998
	(unaudited)	
Cash flows from operating activities		
Net income	$ 12,265	$ 9,872
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,162	5,767
Provision for deferred income taxes	1,088	627
Undistributed equity investment income	(173)	(185)
Other noncash adjustments	364	-
Increase (decrease) in cash resulting from changes in (net of acquisitions):		
Accounts receivable	(15,962)	(13,705)
Inventories	9,816	(17,797)
Other current assets	(256)	(1,270)
Accounts payable and accrued expenses	16,530	11,687
Other assets	(1,473)	(640)
Net cash provided by (used in) operating activities	30,361	(5,644)
Cash flows from investing activities		
Acquisitions, net of cash acquired	-	(86,799)
Purchases of property, plant and equipment	(12,641)	(8,253)
Net proceeds from sale of property and equipment	2,407	104
Net cash used in investing activities	(10,234)	(94,948)
Cash flows from financing activities		
Long-term debt reduction	(42,660)	(8,312)
Proceeds from long-term debt	26,953	109,394
Payment of dividends	(939)	-
Net proceeds from issuance of common stock	707	40
Net cash (used in) provided by financing activities	(15,939)	101,122
Net increase in cash and cash equivalents	4,188	530
Cash and cash equivalents at beginning of year	1,877	2,437
Cash and cash equivalents at end of period	$ 6,065	$ 2,967
	=======	=======

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 June 30, 1999 and 1998 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 June 30, 1999 and 1998 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, 1998.

The results of operations for the six month period ended June 30, 1999 are not necessarily indicative of the results to be expected for the full year.

2. INVENTORIES

Inventories consist of the following:

	(in thousands) June 30, 1999 (unaudited)	December 31, 1998 (audited)
Raw material	$ 55,287	$ 60,665
Finished goods and work-in-process	34,248	38,686
Total inventories	$ 89,535	$ 99,351

3. STOCKHOLDERS' EQUITY

The changes in stockholders' equity consist of:

(in thousands)

	Common Shares	Shares Amount	Additional Paid-in Capital	Retained Earnings
December 31, 1998	12,484	$ 125	$ 66,613	$ 93,570
Net Income	-	-	-	12,265
Stock options exercised	53	-	737	-
Earned portion of restricted stock	-	-	58	-
Profit sharing plan contribution	13	-	276	-
Cash dividends-$.075 per share	-	-	-	(939)
June 30, 1999	12,550	$ 125	$ 67,684	$104,896

4. EARNINGS PER SHARE

Basic net income per share equals net income divided by the weighted average shares outstanding for the six months ended June 30, 1999 and 1998. 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
1999	$12,265,000	12,513,101	$ .98	12,754,377	$ .96
1998	$ 9,872,000	12,430,671	$ .79	12,653,190	$ .78

Included in diluted shares are common stock equivalents relating to options of 241,276 and 222,519 for 1999 and 1998, respectively.

5. ACQUISITIONS

On October 1, 1998, the Company purchased all the outstanding capital stock of Harbor Metal Treating Co., Inc. and its affiliates (Harbor) for $13.5 million in cash. Harbor 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 June 1, 1998, the Company purchased all the outstanding common stock of United Steel Products Company (USP) for approximately $24 million in cash. USP designs and manufacturers lumber connector products for the wholesale market and plastic molded products for component manufacturers.

On April 1, 1998, the Company purchased the assets and business of Appleton Supply Co., Inc. (Appleton) for approximately $28 million in cash. Appleton manufactures louvers, roof edging, soffitts and other metal building products for wholesale distribution.

On March 1, 1998, the Company purchased the assets and business of The Solar Group (Solar) for approximately $35 million in cash. Solar manufactures a line of construction products as well as a complete line of mailboxes, primarily manufactured with galvanized steel.

These acquisitions have been accounted for under the purchase method. Results of operations of Harbor, USP, Appleton and Solar have been 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, 1998. 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, 1998 and are not necessarily indicative of future results of the combined companies.

	(in thousands,except per share data) Six Months Ended June 30, 1998 (unaudited)
Net sales	$ 296,556
Income before taxes	$ 17,604
Net income	$ 10,480
Net income per share-Basic	$ .84

6. SUBSEQUENT EVENT

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. The results of operations of Weather Guard will be consolidated with the Company's results of operations from the acquisition date for the quarter ending September 30, 1999.

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

Results of Operations

Net sales of $160.2 million for the second quarter ended June 30, 1999 increased 10.6% from net sales of $144.9 million for the prior year's second quarter. Net sales of $304.0 million for the six months ended June 30, 1999 increased 16.4% from net sales of $261.3 million for the same period of 1998. These increases resulted from including net sales of Solar (acquired March 1, 1998), Appleton (acquired April 1, 1998), USP (acquired June 1, 1998) and Harbor (acquired October 1, 1998) (collectively, the 1998 Acquisitions) with sales growth at existing operations.

Cost of sales as a percentage of net sales decreased to 79.4% and 79.8%, respectively, for the second quarter and six months ended June 30, 1999 from 81.4% and 82.0% for the same periods in 1998. This improvement was primarily due to the 1998 acquisitions, which have historically generated higher margins than the Company's existing operations, and due to lower raw material costs at existing operations.

Selling, general and administrative expenses as a percentage of net sales increased to 11.0% and 11.3%, respectively, for the second quarter and six months ended June 30, 1999 from 10.1% and 10.0% for the same periods of 1998. This increase was primarily due to higher costs as a percentage of sales attributable to the 1998 Acquisitions and performance based compensation linked to the Company's sales and profitability.

Interest expense for the second quarter and six months ended June 30, 1999 increased by $.4 million and $2.1 million, respectively, from the same periods in 1998 primarily due to higher borrowings during 1999 to finance the 1998 Acquisitions and capital expenditures.

As a result of the above, income before taxes increased by $2.7 and $4.2 million for the second quarter and six months ended June 30, 1999 from the same periods of 1998.

Income taxes for the second quarter and six months ended June 30, 1999 approximated $5.0 million and $8.3 million, respectively, and were based on a 40.5% effective tax rate compared to an effective tax rate of 40.0% for the same periods in 1998.

Liquidity and Capital Resources

During the first six months of 1999, the Company's working capital decreased to $118.6 million. Additionally, shareholders' equity increased by $12.4 million at June 30, 1999 to $172.7 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 $30.4 million resulted primarily from net income of $12.3 million, depreciation and amortization of $8.2 million, an increase in accounts payable and accrued expenses of $16.5 million and a decrease in inventory of $9.8 million, offset by an increase in accounts receivable of $16.0 million necessary to service increased sales levels.

The $30.4 million of net cash provided by operations was used to fund capital expenditures of $12.6 million and cash dividends of $.9 million and to pay down $15.7 million of the Company's credit facility.

At June 30, 1999 the Company's aggregate credit facilities available approximated $243 million, with borrowings of approximately $184 million and an additional availability of approximately $59 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.

Impact of Year 2000

The Year 2000 issue concerns computer hardware and software being able to distinguish between the year 1900 and the year 2000 and the resultant effect on operations.

The Company has conducted a detailed assessment of all of its information technology and non-information technology hardware and software with regard to Year 2000 issues, with special emphasis on mission critical hardware and software. The Company's plan to ensure that its systems are Year 2000 ready is comprised of: inventorying all processes and systems which may have a date-related component and identifying those which are not Year 2000 ready; remediating (i.e., correcting or replacing) those systems which are not Year 2000 ready; and testing the remediated processes and systems to insure that they will, in fact, operate as desired according to Year 2000 requirements. The Company is in various stages of its Year 2000 readiness process for information technology and non-information technology hardware and software at its corporate headquarters and at each of the subsidiaries. Information technology and non-information technology hardware and software have been inventoried and those not Year 2000 ready have been identified. Mission critical processes and systems were given the highest priority for remediation and testing. Therefore, the Company believes that it will be fully Year 2000 ready with all such mission critical processes and systems at its corporate headquarters and at all of these subsidiaries.

The following table summarizes the status as of June 30, 1999 of the Year 2000 efforts with respect to identified items that may materially impact operations.

Estimated current completion % and month of expected completion:

Area	Inventorying & Assessment % Complete	Inventorying & Assessment Expected Completion	Remediation & Testing % Complete	Remediation & Testing Expected Completion
IT Hardware and Software:				
Financial	100%	Complete	100%	Complete
Non-Financial	100%	Complete	95%	July 1999
Non-IT Hardware and Software	100%	Complete	95%	July 1999
Third-Party Systems*	100%	Complete	*	*
Products	N/A	N/A	N/A	N/A

* The Company has third party relationships with numerous large customers and vendors, including raw material suppliers and utility companies, many of which are publicly traded corporations subject to disclosure requirements. The Company continues to communicate with these third parties to assess their internal state of Year 2000 readiness and monitors Year 2000 disclosures in their SEC filings. These third party communications and disclosures are then evaluated for possible risk to, or effect on, the Company's operations and are incorporated into the Company's own detailed Year 2000 readiness assessment.

Costs specifically associated with modifying internal use software for Year 2000 readiness are expensed as incurred but have not been, and are not expected to be, material to the Company's net income. The Company has budgeted approximately $750,000 to remediate its affected systems, of which approximately $400,000 was expensed through June 30, 1999. Costs of replacing some of the Company's systems with Year 2000 ready systems have been capitalized as these new systems were acquired for business reasons and not to remediate Year 2000 problems, if any, in the former systems.

Based upon the results of Year 2000 readiness efforts and internal audit processes currently underway, the Company believes that all mission critical information and non-information technology systems and processes will allow the Company to continue operations beyond the Year 2000 without a material impact on its results of operations or financial position. However, unanticipated problems which may be identified in the ongoing Year 2000 readiness process could result in an undetermined financial risk.

A worst case scenario could include the possible shut down of an operation for a period of time. However, in that event, customer orders may be serviced through use of other Company owned facilities with similar manufacturing capabilities and inventories or, alternatively, by out-sourcing some manufacturing to third parties. The Company's Year 2000 readiness process includes contingency planning for all mission critical issues in order to minimize such a risk to the Company. Detailed contingency plans will be finalized during the third quarter of 1999.

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 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; the impact of the Year 2000 issue; and changes in interest or tax rates.

PART II. OTHER INFORMATION

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

1. Exhibits

   a. Exhibit 27 - Financial Data Schedule

2. Reports on Form 8-K. There were no reports on Form 8-K during the three months ended June 30, 1999.

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 July 29, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS ON FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1000
US DOLLARS

6-MOS
DEC-31-1999
JAN-01-1999
JUN-30-1999
1
6,065
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