GIBRALTAR STEEL CORP
Form S-3/A
December 17, 2003
Table of Contents

As filed with the Securities and Exchange Commission on December 17, 2003

Registration No. 333-110313

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

FORM S-3

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

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 Number)**

3556 Lake Shore Road

P.O. Box 2028

Buffalo, New York 14219-0228

(716) 826-6500

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Brian J. Lipke

Chairman of the Board and Chief Executive Officer

Gibraltar Steel Corporation

3556 Lake Shore Road

P. O. Box 2028

Buffalo, New York 14219-0228

(716) 826-6500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies To:

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(716) 853-5100	(212) 474-1000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in conjunction with dividend or interest reinvestment plans, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in

accordance with section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 10, 2003

PROSPECTUS

4,130,000 Shares

Gibraltar Steel Corporation

Common Stock

$ per share

We are selling 3,000,000 shares of our common stock and the selling stockholders named in this prospectus are selling 1,130,000 shares. We will not receive any proceeds from the sale of the shares by the selling stockholders. We have granted the underwriters an option to purchase up to 464,625 additional shares of common stock and certain of the selling stockholders have granted the underwriters an option to purchase up to 154,875 additional shares of common stock to cover over-allotments.

Our common stock is quoted on the Nasdaq National Market under the symbol ROCK. The last reported sale price of our common stock on the Nasdaq National Market on December 5, 2003, was $24.43 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page 5.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds to Gibraltar (before expenses)	$	$
Proceeds to the selling stockholders (before expenses)	$	$

The underwriters expect to deliver the shares to purchasers on or about , 2003.

Citigroup

JPMorgan **McDonald Investments Inc.**

CIBC World Markets

, 2003

Table of Contents

CURRENT LOCATIONS

Table of Contents

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted.

TABLE OF CONTENTS

	Page
Summary	1
Risk Factors	5
Forward Looking Statements	8
Use of Proceeds	9
Capitalization	10
Price Range of Common Stock	11
Dividend Policy	12
Selected Consolidated Financial Data	13
Management s Discussion and Analysis of Financial Condition and Results of Operations	14
Business	23
Management	34
Principal and Selling Stockholders	36
Description of Capital Stock	39
Underwriting	41
Legal Matters	43
Experts	43
Where You Can Find Additional Information	43
Incorporation by Reference	44
Index to Consolidated Financial Statements	F-1

Table of Contents

SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus. Accordingly, it does not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the information under Risk Factors and the consolidated financial statements and the notes thereto included elsewhere in this prospectus before making an investment decision. Unless the context otherwise requires, references to we, us or our refer collectively to Gibraltar Steel Corporation and its subsidiaries. Unless otherwise stated, all information contained in this prospectus assumes no exercise of the over-allotment option granted to the underwriters.

The Company

We process, manufacture and provide high value-added, high margin products and services. Since our initial public offering in 1993, we have continued to build upon our core competencies of steel processing and manufacturing by expanding into the metal processing, building products and commercial heat-treating markets through strategic acquisitions and internal growth. We have broadened our product lines and services, entered new geographic and end-user markets and expanded our customer base through the acquisition of 18 businesses for approximately $452 million and the investment of approximately $178 million in capital expenditures. Most recently we completed the acquisition of Construction Metals Inc. and Air Vent Inc. and have entered into a joint venture with Duferco Farrell Corp. As a result of this growth, we now have 68 facilities in 26 states, Canada and Mexico serving more than 10,000 customers in a variety of industries.

Since our initial public offering, our operating approach and the successful execution of our growth strategy have enabled us to outperform most of our publicly traded competitors in the processor and service center industry with respect to net sales and net income growth. From 1993 through 2002, our net sales and net income increased at compound annual growth rates of 16% and 14%, respectively. The national economic slowdown caused a decrease in our net sales in 2001 and 2002 as compared to net sales in 2000 and net income in 2000, 2001 and 2002 as compared to net income in 1999. Net sales and net income for the first nine months of 2003 increased by 17% and 10%, respectively, as compared to the results generated in the first nine months of 2002.

We classify our operations into three operating segments Processed Steel Products, Building Products and Heat Treating. Our Processed Steel Products segment produces cold-rolled strip steel that is used in applications which demand more precise widths, improved surface conditions and tighter gauge tolerances than are supplied by primary producers of flat-rolled steel products, as well as heavy duty steel strapping that is used to close and reinforce packages such as cartons and crates. Our Building Products segment manufactures and distributes more than 5,000 building products including steel lumber connectors, metal roofing and accessories, ventilation products and mailboxes. Our Heat Treating segment provides specialized heat-treating services which refine the metallurgical properties of customer-owned metal products for a variety of industries that require critical performance characteristics.

We sell our products both domestically and internationally. Our distribution channels, by business segment, are:

- Processed Steel Products directly to manufacturers and distributors and, to a lesser extent, to end-users;
- Building Products through hardware and building products distributors and through retail home centers; and

Heat Treating	directly to manufacturers.

1

Table of Contents

Our Opportunity

We believe we have opportunities to build on the established position we have in each of our business segments. We believe that there is a continued opportunity to expand each area of our business driven by the trends in heat treating and processed steel toward consolidation and outsourcing and in building products toward consolidation and growth in the use of metal products for residential and light commercial construction. We believe the ongoing trend of increased use of metal building products will continue because of favorable environmental characteristics, stricter building codes, insurance company requirements, cost efficiency and architectural design enhancements.

Our Competitive Strengths

We believe that we have established a reputation as an industry leader in quality, service and innovation and have achieved strong competitive positions in our markets. We attribute this primarily to the following competitive strengths:

- our ability to provide high value-added products and services;
- our ability to identify and integrate acquisitions;
- the diversification of our customers, products and services;
- our national presence;
- our commitment to quality;
- the efficiency of our inventory purchasing and management; and
- our experienced management team.

Our Strategy

Our strategic objective is to further enhance our position as a processor, manufacturer and provider of high value-added, high margin products and services. We plan to achieve this objective through the aggressive pursuit of our business strategy, which includes:

- a focus on high value-added, high margin products and services;
- a commitment to internal growth and continuous cost reduction;

a commitment to external growth through the acquisition of businesses which are immediately accretive to our earnings per share, have long-term growth potential and also complement, expand and enhance our products and services and broaden our markets and customer base; and

a dedication to quality, service and customer satisfaction.

Recent Developments

Continuing our growth strategy, we made two acquisitions in the past year. In April 2003, we acquired Construction Metals, an Ontario, California-based manufacturer with locations in Fontana, California; Las Vegas, Nevada; Phoenix, Arizona; Hayward, California; Denver, Colorado; Kent, Washington; Escondido, California; Salt Lake City, Utah; and Albuquerque, New Mexico. Construction Metals manufactures and distributes a wide array of building products which are sold to retail and wholesale customers throughout the western United States.

Table of Contents

In May 2003, we acquired Air Vent Inc., which operates three manufacturing facilities in Dallas, Texas; Clinton, Iowa; and Lincolnton, North Carolina and operates a sales office and customer service department in Peoria, Illinois. Air Vent Inc. manufactures and distributes a complete line of ventilation products and accessories. We believe that with the acquisition of Air Vent, Gibraltar became the largest manufacturer of ventilation products and accessories in North America based upon net sales.

In December 2003, we entered into a joint venture with Duferco Farrell Corp. through our acquisition of a 50% interest in Gibraltar DFC Strip Steel, LLC. The joint venture manufactures and distributes cold-rolled strip steel products at its facility in Farrell, Pennsylvania.

Corporate Information

Our company was incorporated under the laws of the State of Delaware in 1993. Our executive offices are located at 3556 Lake Shore Road, Buffalo, New York 14219 and our telephone number is (716) 826-6500. Our Internet web site address is www.gibraltar1.com. Information contained on our web site is not a part of this prospectus.

The Offering

Common stock being offered by:	
Our company	3,000,000 shares
The selling stockholders	1,130,000 shares
Total	4,130,000 shares
Common stock to be outstanding after this offering	19,227,127 shares(1)
Use of proceeds	We will use the net proceeds to repay a portion of our outstanding bank indebtedness, some of which was used to fund the acquisitions of Construction Metals, Air Vent and our membership interest in Gibraltar DFC Strip Steel and for general corporate purposes. We will not receive any proceeds from shares sold by the selling stockholders. See Use of Proceeds.
Nasdaq National Market symbol	ROCK

(1) Excludes (i) an aggregate of 400,000 shares of common stock reserved for issuance under our Non-Qualified Stock Option Plan, of which 67,500 shares were subject to outstanding options as of September 30, 2003 at a weighted average exercise price of $16.53 per share, (ii) an aggregate of 1,500,000 shares of common stock reserved for issuance under our Incentive Stock Option Plan (540,205 shares were subject to outstanding options as of September 30, 2003 at a weighted average exercise price of $16.95 per share, all of which were issued under a predecessor plan) and (iii) an aggregate of 135,000 shares of common stock reserved for issuance under our Restricted Stock Plan.

3

Table of Contents

Summary Consolidated Financial Data

The summary consolidated financial data presented below have been derived from our consolidated financial statements that have been audited by PricewaterhouseCoopers LLP, except that the data for the nine-month periods ended September 30, 2002 and 2003 are derived from unaudited condensed consolidated financial statements which, in our opinion, reflect all adjustments necessary for a fair presentation. The consolidated balance sheets as of December 31, 2001 and 2002 and September 30, 2002 and 2003 and the related statements of income, cash flows and shareholders equity for the three years ended December 31, 2002 and the nine-month periods ended September 30, 2002 and 2003 and notes thereto appear elsewhere in this prospectus. Results for the nine-month periods are not necessarily indicative of results for the full year. The summary consolidated financial data presented below should be read in conjunction with, and are qualified in their entirety by, Management s Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements and the notes thereto and other financial information included elsewhere in this prospectus.

	Year Ended December 31,					Nine Months Ended September 30,	
	1998	1999	2000	2001	2002	2002	2003
	(dollars in thousands, except per share data)						
Income Statement Data:							
Net sales	$ 557,944	$ 621,918	$ 677,540	$ 616,028	$ 645,114	$ 489,393	$ 572,971
Gross profit	101,495	127,973	135,797	116,083	127,289	97,254	112,853
Income from operations	44,455	55,469	59,892	37,509	50,160	39,895	45,459
Interest expense	11,389	13,439	18,942	16,446	10,403	7,708	10,238
Income before income taxes	33,066	42,030	40,950	21,063	39,757	32,187	35,221
Net income	19,840	25,008	24,365	12,533	23,854	19,151	21,133
Earnings per Share Data:							
Diluted	$ 1.57	$ 1.95	$ 1.92	$ 0.98	$ 1.54	$ 1.25	$ 1.31
Basic	1.59	1.99	1.94	1.00	1.56	1.27	1.32
Weighted average shares outstanding Diluted	12,651	12,806	12,685	12,773	15,519	15,289	16,122
Weighted average shares outstanding Basic	12,456	12,540	12,577	12,591	15,280	15,039	15,967
Other Data:							
Capital expenditures	$ 22,062	$ 21,999	$ 19,619	$ 14,334	$ 15,995	$ 11,699	$ 16,544
Depreciation and amortization	13,333	17,452	21,188	23,486	20,481	15,255	16,711
Cash dividends per share		0.150	0.115	0.135	0.155	0.115	0.130
Balance Sheet Data (end of period):(1)							
Working capital	$ 124,236	$ 112,923	$ 132,407	$ 105,064	$ 138,246	$ 130,409	$ 140,017
Goodwill	79,971	115,350	130,368	132,717	133,452	133,452	255,853
Total assets	438,435	522,080	556,046	535,040	576,568	589,166	764,647
Total debt	200,746	236,621	255,853	212,275	166,932	167,193	292,186
Shareholders equity	160,308	185,459	208,348	218,347	293,117	289,097	317,964

(1) See Capitalization for the unaudited pro forma balance sheet data assuming that consummation of this offering and application of the estimated proceeds therefrom to reduce indebtedness had occurred on September 30, 2003.

Table of Contents

RISK FACTORS

You should carefully consider the following risks and uncertainties and all other information contained in this prospectus, or incorporated herein by reference, before you decide whether to purchase our common stock. Any of the following risks, should they materialize, could adversely affect our business, financial condition or operating results. As a result, the trading price of our common stock could decline and you could lose all or part of your investment.

Our future operating results may be affected by fluctuations in raw material prices. We may not be able to pass on increases in raw material costs to our customers.

Our principal raw material is flat-rolled steel, which we purchase from multiple primary steel producers. The steel industry as a whole is very cyclical, and at times pricing can be volatile due to a number of factors beyond our control, including general economic conditions, labor costs, competition, import duties, tariffs and currency exchange rates. This volatility can significantly affect our steel costs. In addition, it was recently announced that the import tariffs imposed in March 2002 pursuant to Section 201 of the Fair Trade Act of 1974 were lifted. The impact of this decision cannot be predicted at this time. Other significant raw materials we use include aluminum and plastics, which are also subject to volatility.

We are required to maintain substantial inventories to accommodate the short lead times and just-in-time delivery requirements of our customers. Accordingly, we purchase raw materials on a regular basis in an effort to maintain our inventory at levels that we believe are sufficient to satisfy the anticipated needs of our customers based upon historic buying practices and market conditions. In an environment of increasing raw material prices, competitive conditions will impact how much of the steel price increases we can pass on to our customers. To the extent we are unable to pass on future price increases in our raw materials to our customers, the profitability of our business could be adversely affected.

The building and construction industry and the automotive industry account for a significant portion of our sales, and reduced demand from these industries is likely to adversely affect our profitability.

Sales of our products for use in the building and construction industry accounted for approximately 51%, 56%, 53% and 58% of our net sales in 2000, 2001, 2002, and for the first nine months of 2003, respectively. These sales were made primarily to retail home centers and wholesale distributors. For the nine months ended September 30, 2003, The Home Depot accounted for approximately 10% of our net sales. A loss of this business could adversely affect our profitability. The building and construction industry is cyclical, with product demand based on numerous factors such as interest rates, general economic conditions, consumer confidence and other factors beyond our control.

Sales of our products for use in the automotive industry accounted for approximately 30%, 27%, 29% and 25% of our net sales in 2000, 2001, 2002 and for the first nine months of 2003, respectively. Such sales include sales directly to auto manufacturers and to manufacturers of automotive components and parts. The automotive industry experiences significant fluctuations in demand based on numerous factors such as general economic conditions, consumer confidence and other factors beyond our control.

We also sell our products to customers in other industries that experience cyclicality in demand for products, such as the steel and machinery and equipment industries. None of these industries individually represented more than 5% of our annual net sales in 2002.

Downturns in demand from the building and construction industry, the automotive industry or any of the other industries we serve, or a decrease in the prices that we can realize from sales of our products to customers in any of these industries, could adversely affect our profitability.

Table of Contents

We may not be able to successfully identify, manage and integrate future acquisitions, and if we are unable to do so, we are unlikely to sustain our historical growth rates and our stock price may decline.

Historically, we have grown through a combination of internal growth and external expansion through acquisitions and a joint venture. Although we intend to actively pursue our growth strategy in the future, we cannot provide any assurance that we will be able to identify appropriate acquisition candidates or, if we do, that we will be able to successfully negotiate the terms of an acquisition, finance the acquisition or integrate the acquired business effectively and profitably into our existing operations. Integration of an acquired business could disrupt our business by diverting management away from day-to-day operations. Further, failure to successfully integrate any acquisition may cause significant operating inefficiencies and could adversely affect our profitability and the price of our stock. Consummating an acquisition could require us to raise additional funds through additional equity or debt financing. Additional equity financing could depress the market price of our common stock. Additional debt financing could require us to accept covenants that limit our ability to pay dividends.

The success of our business is affected by general economic conditions, and our business could be adversely impacted by a continued economic slowdown or recession.

Periods of economic slowdown or recession in the United States or other countries, or the public perception that one may occur, could decrease the demand for our products, affect the availability and price of our products and adversely impact our business.

Our business is highly competitive, and increased competition could reduce our gross profit and net income.

The principal markets that we serve are highly competitive. Competition is based primarily on the precision and range of achievable tolerances, quality, price, raw materials and inventory availability and the ability to meet delivery schedules dictated by customers. Our competition in the markets in which we participate comes from companies of various sizes, some of which have greater financial and other resources than we do and some of which have more established brand names in the markets we serve. Increased competition could force us to lower our prices or to offer additional services at a higher cost to us, which could reduce our gross profit and net income.

Our principal stockholders have the ability to exert significant control in matters requiring stockholder vote and could delay, deter or prevent a change in control of our company.

Upon the consummation of this offering, approximately 21.97% (or approximately 21.45% if the underwriters over-allotment option is exercised in full) of our outstanding common stock, including shares of common stock issuable under options granted which are exercisable within 60 days, will be owned by Brian J. Lipke, who is the Chairman and Chief Executive Officer of our company, Meredith A. Lipke, an employee of our company, and Neil E. Lipke, Eric R. Lipke and Curtis W. Lipke, all of whom are siblings, Patricia K. Lipke, mother of the Lipke siblings, and certain trusts for the benefit of each of them. As a result, the Lipke family will continue to have significant influence over all actions requiring stockholder approval, including the election of our board of directors. Through their concentration of voting power, the Lipke family could delay, deter or prevent a change in control of our company or other business combinations that might otherwise be beneficial to our other stockholders. In deciding how to vote on such matters, the Lipke family may be influenced by interests that conflict with yours.

Certain provisions of our charter documents and Delaware law could discourage potential acquisition proposals and could deter, delay or prevent a change in control of our company that our stockholders consider favorable and could depress the market value of our

common stock.

Certain provisions of our certificate of incorporation and by-laws, as well as provisions of the Delaware General Corporation Law, could have the effect of deterring takeovers or delaying or preventing changes in control or management of our company that our stockholders consider favorable and could depress the market value of our common stock.

Our certificate of incorporation provides that certain mergers, sales of assets, issuances of securities, liquidations or dissolutions, reclassifications or recapitalizations involving interested stockholders must be approved by holders of at least 80% of the outstanding voting stock, unless such transactions are approved by a majority of the disinterested directors or certain minimum price, form of consideration and procedural requirements are satisfied. An interested stockholder is defined as a holder of stock representing 20% or more of the shares of voting stock then outstanding. Our certificate of incorporation further provides that the affirmative vote of the holders of 80% of the total votes eligible to be cast in the election of directors is required to amend, alter, change or repeal such provisions. The requirement of such a super-majority vote could enable a minority of our stockholders to exercise veto powers over such amendments, alterations, changes or repeals.

We are a Delaware corporation subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law. Generally, this statute prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which such person became an interested stockholder, unless the business combination is approved in a prescribed manner. A business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the stockholder. We anticipate that the provisions of Section 203 may encourage parties interested in acquiring us to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction that results in the stockholder becoming an interested stockholder.

We depend on our senior management team and the loss of any member could adversely affect our operations.

Our success is dependent on the management and leadership skills of our senior management team. The loss of any of these individuals or an inability to attract, retain and maintain additional personnel could prevent us from implementing our business strategy. We cannot assure you that we will be able to retain our existing senior management personnel or to attract additional qualified personnel when needed. We have not entered into employment agreements with any of our senior management personnel other than Brian J. Lipke, our Chairman of the Board and Chief Executive Officer. On August 26, 2003, we announced the retirement of our President, Walter T. Erazmus, effective December 31, 2003. Upon Mr. Erazmus retirement, Henning Kornbrekke, currently a Vice President, will become our President.

We are a holding company and rely on distributions from our subsidiaries to meet our financial obligations.

We have no direct business operations other than our ownership of the capital stock of our subsidiaries. As a holding company, we are dependent on dividends or other intercompany transfers of funds from our subsidiaries. If our subsidiaries are not able to provide us with dividends or other intercompany transfers of funds, we may not have sufficient funds to enable us to pay dividends and to meet our direct obligations.

Future sales of our common stock could depress our market price and diminish the value of your investment.

Future sales of shares of our common stock could adversely affect the prevailing market price of our common stock. If our existing stockholders sell a large number of shares, or if we issue a large number of shares, the market price of our common stock could significantly decline. Moreover, the perception in the public market that these stockholders might sell shares of common stock could depress the market for our common stock.

Although, we, our directors, our executive officers and the selling stockholders have entered into lock-up agreements with Citigroup, as representative of the underwriters, whereby we and they will not offer, sell, contract to sell, pledge, grant or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, except for the shares of common stock to be sold in this offering and certain other exceptions, for a period of 90 days from the date of

Table of Contents

this prospectus, without the prior written consent of Citigroup, we or any of these persons may be released from this obligation, in whole or in part, by Citigroup in its sole discretion at any time with or without notice.

We could incur substantial costs in order to comply with, or to address any violations under, environmental laws.

Our operations and facilities are subject to a variety of federal, state, local and foreign laws and regulations relating to the protection of the environment and human health and safety. Failure to maintain or achieve compliance with these laws and regulations or with the permits required for our operations could result in substantial operating costs and capital expenditures, in addition to fines and civil or criminal sanctions, third party claims for property damage or personal injury, cleanup costs or temporary or permanent discontinuance of operations. Certain of our facilities have been in operation for many years and, over time, we and other predecessor operators of these facilities have generated, used, handled and disposed of hazardous and other regulated wastes. Environmental liabilities could exist, including cleanup obligations at these facilities or at off-site locations where materials from our operations were disposed of, which could result in future expenditures that cannot be currently quantified and which could reduce our profits.

Our operations are subject to seasonal fluctuations which may impact our cash flow.

Our revenues are generally lower in the first and fourth quarters primarily due to customer plant shutdowns in the automotive industry due to holidays and model changeovers, as well as reduced activity in the building and construction industry due to weather. In addition, quarterly results may be affected by the timing of large customer orders, by periods of high vacation concentration and by the timing and magnitude of acquisition costs. Therefore, our cash flow from operations may vary from quarter to quarter. If, as a result of any such fluctuation, our quarterly cash flow was significantly reduced, we may not be able to service the indebtedness under our credit agreement. A default in our credit agreement would prevent us from borrowing additional funds and limit our ability to pay dividends, and allow our lenders to enforce their liens against our personal property.

FORWARD LOOKING STATEMENTS

This prospectus and the documents incorporated by reference contain forward looking statements, including, without limitation, statements concerning conditions in the markets we serve and our business, financial condition and operating results and including, in particular, statements relating to our growth strategies. We use words like believe, expect, anticipate, intend, future and other similar expressions to identify forwa looking statements. Purchasers of our common stock should not place undue reliance on these forward looking statements, which speak only as of their respective dates. These forward looking statements are based on our current expectations and are subject to a number of risks and uncertainties, including, without limitation, those identified under Risk Factors and elsewhere in this prospectus. Our actual operating results could differ materially from those predicted in these forward looking statements and any other events anticipated in the forward looking statements may not actually occur.

Table of Contents

USE OF PROCEEDS

We expect to receive net proceeds of approximately $69.0 million from the sale of the 3,000,000 shares of common stock that we are offering ($79.8 million if the underwriters exercise their over-allotment in full), after deducting underwriting discounts, commissions and our estimated offering expenses, based on the assumed offering price to the public of $24.43 per share (the last reported sale price of our common stock on December 5, 2003). We will not receive any proceeds from the sale of the shares of common stock being sold by the selling stockholders.

We intend to use the net proceeds from this offering to repay a portion of the borrowings outstanding under our existing credit facility, which expires in June, 2007, and for general corporate purposes. In 2003, borrowings under our credit facility were used primarily to fund the acquisitions of Construction Metals, Air Vent and our membership in Gibraltar DFC Strip Steel, as well as capital expenditures. Our credit facility provides for a revolving credit line of up to $290 million. The amounts outstanding under our credit facility bear interest at various rates above the London InterBank Offered Rate (LIBOR) or at the agent bank s prime rate, as selected by us. We have entered into interest rate swap agreements which convert certain of our borrowings under the credit facility from variable interest indebtedness to fixed interest indebtedness. At September 30, 2003, amounts outstanding under our credit facility were approximately $180 million, bearing interest at a weighted average interest rate of 4.8%. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

Our credit facility is secured by substantially all of our accounts receivable, inventory, equipment and fixtures and other personal property, now owned or hereafter acquired. Our credit facility contains covenants restricting our ability to make capital expenditures, incur additional indebtedness, sell a substantial portion of our assets, merge or make acquisitions or investments in an amount in excess of $50 million, and obligates us to meet certain financial requirements. In addition, our credit facility contains certain restrictions on our ability to pay dividends.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2003 (i) on an actual basis and (ii) as adjusted to give effect to this offering and the application of the estimated net proceeds received by us to repay indebtedness under our credit facility. See Use of Proceeds. You should read this table together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes thereto included elsewhere in this prospectus.