

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1998

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 0-16211

DENTSPLY International Inc.

(Exact name of registrant as specified in its charter)

Delaware

39-1434669

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

570 West College Avenue, P. O. Box 872, York, PA 17405-0872

(Address of principal executive offices) (Zip Code)

(717) 845-7511

(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 No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At May 5, 1998 the Company had 54,220,041 shares of Common Stock outstanding, with a par value of \$.01 per share.

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	(unaudited)	
	March 31, 1998	December 31, 1997
ASSETS		
Current assets:		
	(in thousands)	
Cash and cash equivalents	\$ 5,420	\$ 9,848
Accounts and notes receivable-trade, net	120,535	114,366
Inventories	130,639	124,748
Prepaid expenses and other current assets	33,430	28,065
	-----	-----
Total Current Assets	290,024	277,027
Property, plant and equipment, net	147,336	147,130
Other noncurrent assets, net	19,263	13,314
Identifiable intangible assets, net	104,200	103,513
Costs in excess of fair value of net assets acquired, net	242,364	233,392
	-----	-----
Total Assets	\$ 803,187	\$ 774,376
LIABILITIES AND STOCKHOLDERS' EQUITY	=====	=====
Current liabilities:		
Accounts payable	\$ 35,927	\$ 38,942
Accrued liabilities	68,185	71,563
Income taxes payable	39,353	34,839
Notes payable and current portion of long-term debt	25,898	24,005
	-----	-----
Total Current Liabilities	169,363	169,349
Long-term debt	118,981	105,505
Deferred income taxes	26,658	27,647
Other liabilities	43,726	43,954
	-----	-----
Total Liabilities	358,728	346,455
Minority interests in consolidated subsidiaries	3,881	3,988
Stockholders' equity:	-----	-----
Preferred stock, \$.01 par value; .25 million shares authorized; no shares issued	-	-
Common stock, \$.01 par value; 100 million shares authorized; 54.2 million shares issued at March 31, 1998 and December 31, 1997	542	542
Capital in excess of par value	152,046	150,738
Retained earnings	317,277	301,058
Accumulated other comprehensive income	(20,170)	(16,720)
Employee stock ownership plan reserve	(9,117)	(9,497)
Treasury stock, at cost, .1 million shares at December 31, 1997	-	(2,188)
	-----	-----
Total Stockholders' Equity	440,578	423,933
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 803,187	\$ 774,376
	=====	=====

See accompanying notes to unaudited consolidated condensed financial statements.

	----- 1998 -----	----- 1997 -----
(in thousands, except per share amounts)		
Net sales	\$180,706	\$172,359
Cost of products sold	85,369	84,309
	-----	-----
Gross profit	95,337	88,050
Selling, general and administrative expenses	63,785	59,995
	-----	-----
Operating income	31,552	28,055
Interest expense	2,966	2,751
Interest income	(218)	(425)
Other (income) expense, net	(1,472)	(2,085)
	-----	-----
Income before income taxes	30,276	27,814
Provision for income taxes	11,279	10,890
	-----	-----
Net income	\$ 18,997	\$ 16,924
	=====	=====
Earnings per common share:		
Basic	\$.35	\$.31
Diluted	\$.35	\$.31
Cash dividends declared per common share	\$.05125	\$.04625
Weighted average common shares outstanding:		
Basic	54,124	53,847
Diluted	54,474	54,134

See accompanying notes to unaudited consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

Three Months Ended March 31,	
----- 1998 -----	----- 1997 -----

(in thousands)

Cash flows from operating activities:		
Net income	\$ 18,997	\$ 16,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,436	4,163
Amortization	4,660	3,777
All other, net	(25,591)	(15,248)
	-----	-----
Net cash provided by operating activities	2,502	9,616
	-----	-----
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	(13,839)	(59,253)
Additional consideration for prior purchased business	(3,522)	-
Property, plant and equipment additions	(7,044)	(6,128)
Other, net	(527)	71
	-----	-----
Net cash used in investing activities	(24,932)	(65,310)
	-----	-----
Cash flows from financing activities:		
Debt repayment	(14,439)	(18,865)
Proceeds from long-term debt	27,886	66,878
Increase in bank overdrafts and other short-term borrowings	2,205	11,896
Other, net	1,106	(341)
	-----	-----
Net cash provided by financing activities	16,758	59,568
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	1,244	(2,124)
	-----	-----
Net increase (decrease) in cash and cash equivalents	(4,428)	1,750
Cash and cash equivalents at beginning of period	9,848	5,619
	-----	-----
Cash and cash equivalents at end of period	\$ 5,420	\$ 7,369
	=====	=====

See accompanying notes to unaudited consolidated condensed financial statements.

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DENTSPLY INTERNATIONAL INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS, CONTINUED
(unaudited)

March 31,

1998 1997

(in thousands)

Supplemental disclosures of cash flow information:

Balance at March 31, 1998	\$ 542	\$152,046	\$317,277	\$ (20,170)	\$ (9,117)	\$ -	\$440,578
	=====	=====	=====	=====	=====	=====	=====

<FN>

See accompanying notes to unaudited consolidated condensed financial statements.
 </FN>

DENTSPLY INTERNATIONAL INC.

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

 MARCH 31, 1998

The accompanying interim consolidated condensed financial statements reflect all adjustments (consisting only of normal recurring adjustments) which in the opinion of management are necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods. These interim financial statements conform with the requirements for interim financial statements and consequently do not include all the disclosures normally required by generally accepted accounting principles. Disclosures are updated where appropriate.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated condensed financial statements include the accounts of DENTSPLY International Inc. (the "Company") and its subsidiaries. Minority interests in net income of consolidated subsidiaries is not material and is included in other (income) expense, net.

Inventories

Inventories are stated at the lower of cost or market. At March 31, 1998 and December 31, 1997, the cost of \$17.3 million or 13% and \$14.9 million or 12%, respectively, of inventories was determined by the last-in, first-out (LIFO) method. The cost of other inventories was determined by the first-in, first-out (FIFO) or average cost method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Except for leasehold improvements, depreciation for financial reporting purposes is computed by the straight-line method over the following estimated useful lives: buildings - generally 40 years; and machinery and equipment - 4 to 15 years. The cost of leasehold improvements is amortized over the shorter of the estimated useful life or the term of the lease. For income tax purposes, depreciation is computed using various methods.

Derivatives

The Company's only involvement with derivative financial instruments

is forward contracts to hedge certain assets and liabilities denominated in foreign currencies.

NOTE 2 - EARNINGS PER COMMON SHARE

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings per Share ("SFAS 128"). This Statement simplifies the standards for computing earnings per share ("EPS") and makes them comparable to international EPS standards. It replaces the presentation of primary EPS with a presentation of basic EPS and requires dual presentation of basic and diluted EPS on the face of the income statement of all entities with complex capital structures. SFAS 128 also requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. As required, the Company adopted SFAS 128 in the fourth quarter of 1997; accordingly, all per share amounts have been restated to reflect basic and diluted EPS. All shares held by the DENTSPLY Employee Stock Ownership Plan are considered outstanding and are included in the earnings per common share computation.

	Income (Numerator)	Shares (Denominator)	Per Share Amount
	-----	-----	-----
(in thousands, except per share amounts)			
For the period ended March 31, 1998			
Basic EPS	\$ 18,997	54,124	\$.35
Incremental shares from assumed exercise of dilutive options and warrants	-	350	-
	-----	-----	-----
Diluted EPS	\$ 18,997	54,474	\$.35
	=====	=====	=====
For the period ended March 31, 1997			
Basic EPS	\$ 16,924	53,847	\$.31
Incremental shares from assumed exercise of dilutive options and warrants	-	287	-
	-----	-----	-----
Diluted EPS	\$ 16,924	54,134	\$.31
	=====	=====	=====

NOTE 3 - BUSINESS ACQUISITIONS

In January 1998, the Company purchased the assets of Blendax Professional Dental Business ("Blendax") from Procter & Gamble in a cash transaction valued at approximately DM13 million or \$7 million. Blendax is a distributor doing business principally in Germany, Austria and the United Kingdom. The Blendax product line consists of rotary cutting instruments, impression materials, composite filling material and fluoride rinses and gels.

In March 1998, the Company purchased the assets of InfoSoft Inc. ("InfoSoft") in a cash transaction valued at approximately \$8.5 million. Located in White Marsh, Maryland, the primary business of InfoSoft is the development and sale of full-featured, practice management software. InfoSoft is also the number one processor of electronic dental insurance

claims in America.

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In April 1998, the Company purchased a 60% majority interest in GAC International Inc. ("GAC") for approximately \$19.5 million. Located in Islip, New York, GAC provides a full line of high quality orthodontic products.

NOTE 4 - INVENTORIES

Inventories consist of the following:

	March 31, 1998	December 31, 1997
	-----	-----
	(in thousands)	
Finished goods	\$ 66,717	\$ 63,987
Work-in-process	28,177	24,844
Raw materials and supplies	35,745	35,917
	-----	-----
	\$130,639	\$124,748
	=====	=====

Pre-tax income was \$.1 million lower in the three months ended March 31, 1998 and 1997 as a result of using the LIFO method compared to the first-in, first-out (FIFO) method. If the FIFO method had been used to determine the cost of the LIFO inventories, the amounts at which net inventory is stated would be lower than reported at March 31, 1998 and December 31, 1997 by \$1.2 million and \$1.3 million, respectively.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	March 31, 1998	December 31, 1997
	-----	-----
	(in thousands)	
Assets, at cost:		
Land	\$ 14,843	\$ 15,045
Buildings and improvements	65,340	68,009
Machinery and equipment	121,532	117,243
Construction in progress	14,406	11,856
	-----	-----
	216,121	212,153
Less: Accumulated depreciation	68,785	65,023
	-----	-----
	\$147,336	\$147,130
	=====	=====

NOTE 6 - NOTES PAYABLE AND LONG-TERM DEBT

The increases from December 31, 1997 in notes payable and current portion of long-term debt (\$1.9 million) and long-term debt (\$13.5 million) were primarily due to utilization of the Company's credit facilities for the acquisition of Blendax, and InfoSoft (see Note 2).

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NOTE 7 - COMPREHENSIVE INCOME

As of January 1, 1998 the Company adopted Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("Statement 130"). Statement 130 establishes new rules for the reporting and display of comprehensive income and its components; however, the adoption of this Statement had no impact on the Company's net income or stockholders' equity. Statement 130 requires the Company's currency translation adjustments, which prior to adoption were reported separately in stockholders' equity, to be included in other comprehensive income.

Total comprehensive income amounted to \$22,447 and \$22,926 for the periods ending March 31, 1998 and 1997, respectively. The following are the components of comprehensive income:

	Three Months Ended	
	March 31,	
	1998	1997
	(in thousands)	
Net income	\$ 18,997	\$ 16,924
Foreign currency translation adjustments	3,450	6,002
	-----	-----
Comprehensive income	\$ 22,447	\$ 22,926
	=====	=====

The component of accumulated other comprehensive income is represented by foreign currency translation adjustments as follows:

	Accumulated Other	
	Comprehensive Income	
	March 31,	December 31,
	1998	1997
	(in thousands)	
Foreign currency translation adjustments	\$ 20,170	\$ 10,280
	=====	=====

DENTSPLY INTERNATIONAL INC.

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

Any statements released by the Company that are forward-looking, including without limitation, statements containing the words "plans", "anticipates", "believes", "expects", or words of similar import constitute forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties which may affect the Company's business and prospects, including economic, competitive, governmental, technological and other factors discussed in the Company's filings with the Securities and Exchange Commission.

RESULTS OF OPERATIONS

Quarter Ended March 31, 1998 Compared to Quarter Ended March 31, 1997

For the quarter ended March 31, 1998, net sales increased \$8.3 million, or 4.8%, to \$180.7 million, up from \$172.4 million in the same period of 1997. The increase resulted from strong sales growth in the United States both from base businesses and from acquisitions. The growth in the United States was partially offset by the decline in implant sales due to the termination of the Implant Distribution Agreement between Core-Vent Corporation and DENTSPLY at the end of the first quarter of 1997. European sales increased due to strong growth in base businesses plus incremental sales from the acquisitions of Blendax and SIMFRA SA. European sales were adversely impacted by the translation effect of the strong U.S. dollar. Sales growth in the Pacific Rim and Latin America was adversely impacted by the Asian economy and the termination of distributors in Taiwan, Korea, Colombia and Chile which will be replaced by newly established local DENTSPLY subsidiaries later in 1998.

Gross profit increased \$7.3 million, or 8.3%, to \$95.3 million from \$88.0 million in the first quarter of 1997 primarily as a result of higher net sales. As a percentage of sales, gross profit increased from 51.1% in the first quarter of 1997 to 52.8% in the same period of 1998. The primary reason is a more favorable mix of sales in the U.S. and Europe in 1998 where the average gross profit margin exceeds the average margins in other territories. In addition, the gross profit percentage in 1997 was adversely impacted by lower margin implant products.

Selling, general and administrative expenses increased \$3.8 million, or 6.3%. As a percentage of sales, expenses increased from 34.8% in the first quarter of 1997 to 35.3% for the same period of 1998. A large part of the percentage increase was from businesses acquired in 1997 and 1998 and from higher expenses in the first quarter of 1998 to upgrade information systems in the United States and Europe which will be year 2000 compliant.

Income before income taxes increased \$2.5 million, or 8.9%, while the provision for income taxes increased \$.4 million or 3.6%. The effective tax rate was lowered to 37.3% in the first quarter of 1998 reflecting improvements from tax planning activities initiated in late 1997. Net income increased \$2.1 million, or 12.2%, from the first quarter of 1997 due to higher income before income taxes and lower provision for income taxes in the first quarter of 1998. Basic and diluted earnings per common share increased from \$.31 in 1997 to \$.35 in 1998, or 12.9%.

LIQUIDITY AND CAPITAL RESOURCES

In January 1998, the Company acquired the assets of Blendax for \$6.1

million. In March 1998, the Company purchased the assets of InfoSoft for \$8.6 million. In April 1998, the Company purchased a 60% majority interest in GAC for \$19.5 million. These transactions were funded from the Company's existing \$175.0 million Bank Revolving Loan Facility and short-term bank borrowings.

Investing activities for the three months ended March 31, 1998 include capital expenditures of \$7.0 million.

The Company's current ratio was 1.7 with working capital of \$123.2 million at March 31, 1998. This compares with a current ratio of 1.6 and working capital of \$107.7 million at December 31, 1997.

The Company expects to be able to finance cash requirements, including capital expenditures, stock repurchases, debt service, and possible future acquisitions, from the funds generated from operations and amounts available under the existing Bank Revolving Loan Facility.

For the three months ended March 31, 1998, cash flows from operating activities were \$2.5 million compared to \$9.6 million for the three months ended March 31, 1997. The decrease of \$7.1 million results primarily from increases in accounts receivable, inventories and prepaid and other current assets.

IMPACT OF INFLATION

The Company has generally offset the impact of inflation on wages and the cost of purchased materials by improving operating efficiencies and increasing selling prices to the extent permitted by market conditions.

YEAR 2000

The Company has conducted a comprehensive review of its computer systems to identify the systems that are affected by the "Year 2000" issue. In 1995, the Company commenced a year 2000 conversion project for all of its locations to address necessary software upgrades, training, data conversion, testing and implementation. The Company will incur internal staff costs as well as consulting and other expenses to complete the project by the anticipated date of mid-1999. The Company does not expect the amounts required to be expensed during the project to have a material effect on its financial position or results of operations.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

Not required.

PART II
OTHER INFORMATION

Item 1 - Legal Proceedings

DENTSPLY and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company believes that pending litigation to which DENTSPLY is a party will not have a material adverse effect upon its consolidated financial position or results of operations.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits. The following exhibits are filed herewith:

Number	Description
-----	-----
27	Financial Data Schedule (pursuant to Item 601(c)(1)(iv) of Regulation S-K, this exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended)

(b) Reports on Form 8-K

 No reports on Form 8-K were filed by the Company during the
 quarter ended March 31, 1998.

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.

DENTSPLY INTERNATIONAL INC.

May 14, 1998

/s/ John C. Miles II

 Date

 John C. Miles II
 Vice Chairman and
 Chief Executive Officer

May 14, 1998

/s/ William R. Jellison

Date

William R. Jellison
Senior Vice President and
Chief Financial Officer

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EXHIBIT INDEX

Number -----	Description -----	Sequential Page No. -----
27	Financial Data Schedule (pursuant to Item 601(c)(1)(iv) of Regulation S-K, this exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended)	18

DENTSPLY INTERNATIONAL INC.
 EXHIBIT 11
 COMPUTATION OF EARNINGS PER SHARE

Earnings per common share:

Three Months Ended	
March 31,	

1998	1997

(in thousands, except per share data)

Weighted average common shares
 outstanding

Basic	54,124	53,847
Diluted	54,474	54,135

Net income	\$18,998	\$16,924
------------	----------	----------

Earnings per common share

Basic	\$.35	\$.31
Diluted	\$.35	\$.31

<ARTICLE>

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<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS OF DENTSPLY INTERNATIONAL INC. AT MARCH 31, 1998 AND FOR THE FISCAL QUARTER THEN ENDED, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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