

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 September 30, 1995

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 November 10, 1995 the Company had 26,950,669 shares of Common Stock outstanding, with a par value of \$.01 per share.

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DENTSPLY INTERNATIONAL INC.
FORM 10-Q

For Quarter Ended September 30, 1995

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PART I
 FINANCIAL INFORMATION
 Item 1. FINANCIAL STATEMENTS
 DENTSPLY INTERNATIONAL INC.
 CONSOLIDATED CONDENSED BALANCE SHEETS

	(audited) December 31, 1994	(unaudited) September 30, 1995
ASSETS		
Current assets:		
	(in thousands)	
Cash and cash equivalents	\$ 7,278	\$ 4,241
Accounts and notes receivable-trade, net	78,771	89,519
Inventories	88,899	129,649
Prepaid expenses and other current assets	14,120	16,290
Net assets of discontinued operations	7,632	4,915
	-----	-----
Total Current Assets	196,700	244,614
Property, plant and equipment, net	91,140	137,214
Other noncurrent assets, net	10,214	12,867
Identifiable intangible assets, net	35,532	34,822
Cost in excess of fair value of net assets acquired, net	140,976	150,313
	-----	-----
Total Assets	\$ 474,562	\$ 579,830
LIABILITIES AND STOCKHOLDERS' EQUITY	=====	=====
Current liabilities:		
Accounts payable and accrued liabilities	\$ 60,135	\$ 71,488
Income taxes payable	27,577	15,642
Notes payable and current portion of long-term debt	9,150	12,912
	-----	-----
Total Current Liabilities	96,862	100,042
Long-term debt	12,789	90,104
Deferred income taxes	24,720	41,932
Other liabilities	40,854	44,666
	-----	-----
Total Liabilities	175,225	276,744
Minority interests in consolidated subsidiary	-	3,938
	-----	-----
Stockholders' equity:		
Preferred stock, \$.01 par value; 250,000 shares authorized; no shares issued	-	-
Common stock, \$.01 par value; 100,000,000 shares authorized; 27,845,288 and 27,079,669 shares issued at December 31, 1994 and September 30, 1995, respectively	278	271
Capital in excess of par value	182,087	150,028
Retained earnings	133,531	163,179
Cumulative translation adjustment	198	2,870
Employee stock ownership plan reserve	(14,055)	(12,857)
Treasury stock, at cost, 87,500 and 130,000 shares at December 31, 1994 and September 30, 1995, respectively	(2,702)	(4,343)
	-----	-----
Total Stockholders' Equity	299,337	299,148
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 474,562	\$ 579,830
	=====	=====

See accompanying notes to unaudited consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1994	1995	1994	1995
	----- (in thousands, except per share data) -----			
Net sales	\$129,930	\$137,330	\$384,745	\$410,313
Cost of products sold	64,315	74,411	193,927	210,796

Gross profit	65,615	62,919	190,818	199,517
Selling, general and administrative expenses	41,032	45,577	119,757	132,352

Operating income from continuing operations	24,583	17,342	71,061	67,165
Interest expense	2,068	2,564	6,133	6,565
Interest income	(271)	(316)	(598)	(899)
Other (income) expense, net	167	(699)	(759)	2,222

Income from continuing operations before income taxes	22,619	15,793	66,285	59,277
Provision for income taxes	8,838	6,314	27,351	23,589

Income from continuing operations	13,781	9,479	38,934	35,688
Income from the operation of discontinued Medical business (less applicable income taxes)	75	-	1,311	-

Net income	<u>\$ 13,856</u>	<u>\$ 9,479</u>	<u>\$ 40,245</u>	<u>\$ 35,688</u>
	=====			
Earnings per common share:				
From continuing operations	\$.50	\$.35	\$1.40	\$1.32
From discontinued operations	-	-	.05	-
	\$.50	\$.35	\$1.45	\$1.32
	====	====	=====	=====
Dividends per common share	\$.075	\$.075	\$.075	\$.225
Weighted average common shares outstanding	27,805	27,001	27,763	27,033

See accompanying notes to unaudited consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)
Nine Months Ended
September 30,

	----- 1994 -----	----- 1995 -----
(in thousands)		
Cash flows from operating activities:		
Net income	\$ 40,245	\$ 35,688
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,971	16,487
(Increase) decrease in accounts and notes receivable-trade, net	(15,326)	1,516
Increase in inventories	(10,384)	(8,581)
(Increase) decrease in prepaid expenses and other current assets	8,236	(397)
Increase (decrease) in income taxes payable	4,203	(11,967)
Other, net	3,934	2,059
Net cash provided by operating activities	----- 45,879	----- 34,805
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	-	(74,204)
Property, plant and equipment additions	(9,963)	(11,835)
Proceeds from disposal of Medical business	-	3,260
Proceeds from sale of property, plant, and equipment	124	2,294
Other, net	(89)	(11)
Net cash used in investing activities	----- (9,928)	----- (80,496)
Cash flows from financing activities:		
Debt repayment	(156,705)	(41,552)
Proceeds from long-term debt	89,317	125,717
Cash paid for treasury stock	-	(42,703)
Increase (decrease) in bank overdrafts and other short term debt	13,366	(3,894)
Other, net	3,302	4,034
Net cash provided by (used in) financing activities	----- (50,720)	----- 41,602
Effect of exchange rate changes on cash and cash equivalents	(908)	1,052
Net decrease in cash and cash equivalents	----- (15,677)	----- (3,037)
Cash and cash equivalents at beginning of period	17,984	7,278
Cash and cash equivalents at end of period	----- \$ 2,307	----- \$ 4,241
Supplemental disclosures of cash flow information:		
Interest paid	\$ 5,573	\$ 4,337
Income taxes paid	14,476	28,954

See accompanying notes to unaudited consolidated condensed financial statements.

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

Supplemental disclosures of noncash transactions (in thousands):

The Company purchased all of the capital stock of KV33 Corporation for \$11.5 million. In conjunction with the acquisition, liabilities were assumed as follows:

Fair value of assets acquired	\$ 14,329
Cash paid for capital stock	(11,450)

Liabilities assumed	\$ 2,879
	=====

The Company purchased approximately 96% of the capital stock of Maillefer Instruments, S.A. for \$65.8 million. In conjunction with the acquisition, liabilities were assumed as follows:

Estimated fair value of assets acquired	\$ 94,983
Cash paid for capital stock	(65,798)

Liabilities assumed	\$ 29,185
	=====

The Company purchased the assets of Dunvale Corporation for \$1.8 million. In conjunction with the acquisition, liabilities were assumed as follows:

Fair value of assets acquired	\$ 2,030
Cash paid for assets	(1,839)

Liabilities assumed	\$ 191
	=====

See accompanying notes to unaudited consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC.
CONSOLIDATED CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY
(unaudited)

(in thousands)	Common Stock -----	Capital in Excess of Par Value -----	Retained Earnings -----	Cumulative Translation Adjustment -----	ESOP Reserve -----	Treasury Stock -----	Total Stockholders' Equity -----
Balance at December 31, 1994	\$ 278	\$182,087	\$133,531	\$ 198	\$(14,055)	\$ (2,702)	\$299,337
Exercise of stock options and warrants	2	(4,794)	---	---	---	9,034	4,242
Tax benefit related to stock options and warrants exercised	---	4,754	---	---	---	---	4,754
Repurchase of 1,255,000 shares of common stock	---	---	---	---	---	(42,703)	(42,703)
Cash dividends declared, \$.225 per share	---	---	(6,040)	---	---	---	(6,040)
Cancellation of 935,000 shares of treasury stock	(9)	(32,019)	---	---	---	32,028	---
Translation adjustment	---	---	---	2,672	---	---	2,672
Net change in ESOP reserve	---	---	---	---	1,198	---	1,198
Net income	---	---	35,688	---	---	---	35,688
	-----	-----	-----	-----	-----	-----	-----
Balance at September 30, 1995	\$ 271 =====	\$150,028 =====	\$163,179 =====	\$ 2,870 =====	\$(12,857) =====	\$ (4,343) =====	\$299,148 =====

See accompanying notes to unaudited consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC.

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

SEPTEMBER 30, 1995

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. For the nine months ended September 30, 1994, the financial statements for Gendex Dental Systems S.r.l. and Gendex Dental Systeme GmbH are included on a current basis as compared to a two month lag in 1993. Accordingly, the consolidated condensed statements of income and cash flows for the nine months ended September 30, 1994 include eleven months of operations for Gendex Dental Systems S.r.l. and Gendex Dental Systeme GmbH. The effects of this change in reporting were insignificant to the consolidated financial position and operations of the Company. Minority interests in net income of consolidated subsidiary is not material and is included in other (income) expense, net.

Inventories

Inventories are stated at the lower of cost or market. At December 31, 1994 and September 30, 1995, the cost of \$10.2 million or 11% and \$9.4 million or 7.3%, 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 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 - 8 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.

Earnings per Share
 - - - - -

Earnings per share are based on the weighted average number of common shares outstanding. Common stock equivalents (options and warrants) had no material effect on the earnings per share computation. All shares held by the DENTSPLY Employee Stock Ownership Plan are considered outstanding and are included in the earnings per share computation.

NOTE 2 - BUSINESS ACQUISITIONS
 - - - - -

In March 1995, the Company purchased all of the outstanding capital stock of KV33 Corporation ("KV33") in a cash transaction value at \$11.5 million. The acquisition was accounted for under the purchase method of accounting and the results of KV33's operations have been included in the accompanying financial statements since the date of acquisition. The excess (\$10.2 million) of acquisition cost over net assets acquired is being amortized over 25 years. Pro forma information has been omitted due to immateriality.

In June 1995, the Company purchased approximately 96% of the outstanding Capital Stock of Maillefer Instruments S.A. ("Maillefer") from Maillefer stockholders for SFR11,000 per share in a cash transaction valued at approximately \$65.8 million. Based in Switzerland, Maillefer Instruments is a manufacturer and distributor of principally endodontic instruments.

The acquisition was accounted for under the purchase method of accounting and the results of Maillefer's operations have been included in the accompanying financial statements since the date of acquisition. The aggregate purchase price of \$65.8 million plus direct acquisition costs has been allocated on the basis of preliminary estimates of the fair values of assets acquired and liabilities assumed. Since the estimated fair value of net assets acquired exceeded the purchase price by approximately \$19.5 million, the values otherwise assignable to noncurrent assets acquired have been reduced by a proportionate part of the excess.

The following unaudited pro forma consolidated results of operations assume that the acquisition of Maillefer occurred on January 1, 1994 (in thousands, except per share amounts):

	Nine Months Ended September 30, 1994	1995
	-----	-----
Net sales	\$409,205	\$427,676
Income from continuing operations	39,844	38,280
Earnings per share from continuing operations	1.44	1.42

The pro forma information does not purport to be indicative of the results that actually would have been obtained had the operations been combined during the periods presented.

The difference of \$.10 per share between actual and pro forma results in 1995 is primarily due to the inclusion in the pro forma results of five additional months of Maillefer operations and various timing differences between actual and pro forma income statement recognition of the effects of purchase price accounting.

In September 1995, the Company announced the signing of a Letter of Intent to purchase the dental manufacturing and distribution operations of Tulsa Dental Instruments LLC for \$75 million in cash and an earn-out provision based on the operating performance of the acquired business. The transaction is subject to due diligence, the execution of a definitive agreement, regulatory approvals and the satisfaction of customary closing conditions. The transaction is expected to close in 1996.

NOTE 3 - INVENTORIES

Inventories consist of the following:

	December 31, 1994	September 30, 1995
	-----	-----
	(in thousands)	
Finished goods	\$ 46,765	\$ 73,112
Work-in-process	19,238	29,438
Raw materials and supplies	22,896	27,099
	-----	-----
	\$ 88,899	\$129,649
	=====	=====

Pre-tax income was \$.5 million lower in the nine months ended September 30, 1994 and 1995, 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 December 31, 1994 and September 30, 1995 by \$2.2 million and \$1.7 million, respectively.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	December 31, 1994	September 30, 1995
	-----	-----
	(in thousands)	
Assets, at cost:		
Land	\$ 16,130	\$ 17,581
Buildings and improvements	41,420	66,961
Machinery and equipment	61,103	87,088
Construction in progress	5,244	6,220
	-----	-----
	123,897	177,850
Less: Accumulated depreciation	32,757	40,636
	-----	-----
	\$ 91,140	\$137,214
	=====	=====

NOTE 5 - SPECIAL CHARGES

During the nine months ended September 30, 1995, the Company recorded, in other income, special charges which materially impacted the comparison with prior periods. These special charges, on a pre-tax basis, included the following (in thousands):

Costs associated with consolidation of all executive functions in York, Pennsylvania	\$2,460
Loss on sale of corporate aircraft	626

	\$3,086
	=====

The impact of these expenses on earnings per share was \$.07 per share in the nine months ended September 30, 1995.

NOTE 6 - DISCONTINUED OPERATIONS

On October 13, 1994, the Company announced its strategic decision to discontinue the operations comprising its medical business. The medical operations include Eureka X-Ray Tube Corp. (Eureka), GENDEX Medical and CMW business units which manufacture medical x-ray tubes, medical x-ray systems and orthopedic bone cement, respectively. The net assets of CMW and substantially all of the net assets of Eureka were sold in the fourth quarter of 1994.

Sales from these operations were \$12.2 million and \$4.9 million for the three months ended September 30, 1994 and 1995, respectively. Income before applicable income taxes for the three months ended September 30, 1994 and 1995 was \$.1 million and \$-0-, respectively. Sales for the nine months ended September 30, 1994 and 1995 were \$38.9 million and \$14.9 million, respectively. Income before applicable income taxes for the nine months ended September 30, 1994 and 1995 was \$1.9 million and \$-0-, respectively. The sale of the remaining operations comprising the medical business is expected to be completed in 1996.

The components of net assets of discontinued operations included in the Consolidated Condensed Balance Sheets are as follows:

	December 31, 1994	September 30, 1995
	-----	-----
	(in thousands)	
Accounts and notes receivable-trade, net	\$ 4,650	\$ 2,683
Inventories	6,312	6,922
Deferred income taxes	4,130	4,130
Prepaid expenses and other current assets	1,848	360
Property, plant and equipment, net	3,899	2,760
Other noncurrent assets, net	1,298	2,476
Cost in excess of fair value of net assets acquired, net	3,448	3,373
Accounts payable and accrued liabilities	(11,272)	(11,241)
Other liabilities	(6,681)	(6,548)
	-----	-----
	\$ 7,632	\$ 4,915
	=====	=====

NOTE 7 - NOTES PAYABLE AND LONG-TERM DEBT

The increases from December 31, 1994 in Notes payable and current portion of long-term debt (\$3.8 million) and Long-term debt (\$77.3 million) were primarily due to utilization of the Company's credit facilities for the following transactions:

- During the nine months ended September 30, 1995, the Company repurchased 1.3 million shares of its common stock for \$42.7 million, in accordance with the share repurchase program authorized by the Board of Directors in December 1994. The repurchased shares included .8 million shares from the McDonough family interests pursuant to an agreement entered into on February 8, 1995, in connection with John J. McDonough's resignation as Chief Executive Officer of the Company.
- In March, 1995, the Company paid \$11.5 million to acquire the outstanding capital stock of KV33 Corporation.
- In June, 1995, the Company paid \$65.8 million to acquire approximately 96% of the outstanding capital stock of Maillefer Instruments, S.A.

DENTSPLY INTERNATIONAL INC.

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

RESULTS OF OPERATIONS

Quarter Ended September 30, 1995 Compared to Quarter Ended September 30, 1994

In the quarter ended September 30, 1995, net sales increased \$7.4 million, or 5.7%, to \$137.3 million from \$129.9 million in the same period in 1994. Sales in the United States decreased due to discontinuing certain dealer incentives which previously had the effect of encouraging dealers to place stocking orders during the third quarter. Sales increased in Europe and other international markets. Maillefer Instruments S.A. (Maillefer) accounted for a significant portion of the sales increase in Europe.

Gross profit decreased \$2.7 million, or 4.1%, to \$62.9 million from \$65.6 million in the third quarter of 1994. As a percentage of net sales, gross profit decreased from 50.5% in the quarter ended September 30, 1994 to 45.8% in the same period of 1995. In 1994, the dealer incentives favorably impacted sales mix towards higher margin products and the resulting higher sales volume improved overhead absorption, thereby increasing the gross margin percentage. In addition, the gross margin percentage in 1995 was impacted by lower margins on the sale of Maillefer products due to purchase accounting.

Selling, general and administrative expenses for the third quarter of 1995 increased \$4.5 million, or 11.1%. As a percentage of net sales, expenses increased from 31.6% in the quarter ended September 30, 1994 to 33.2% for the same period in 1995. The main reason for the percentage increase is that the higher United States sales level in 1994 attributed to dealer incentives was achieved with minimal additional selling, general and administrative costs. In addition, the Company incurred severance costs in 1995 relating to cost reduction programs in North America and Europe.

The Company recognized other income of \$.7 million in the third quarter of 1995 compared to other expense of \$.2 million in the third quarter of 1994. Exchange gains due to the strengthening of the U.S. dollar were the main reason for the other income.

Income from continuing operations before income taxes of \$15.8 million for the three months ended September 30, 1995 decreased \$6.8 million, or 30.2%, from \$22.6 million in 1994.

The Company's effective tax rate on income from continuing operations before income taxes was 40.0% for the three months ended September 30, 1995, compared to 39.1% for the three months ended September 30, 1994.

Earnings per share from continuing operations of \$.35 for the three months ended September 30, 1995 decreased \$.15, or 30.0% from \$.50 for the three months ended September 30, 1994.

Net sales from the discontinued medical business for the quarter ended September 30, 1995 were \$4.9 million, a decrease of \$7.3 million from the same period of 1994, as a result of the divestiture during the fourth quarter of 1994 of two of the three business units identified as discontinued operations.

Nine Months Ended September 30, 1995 Compared to Nine Months Ended
September 30, 1994

During the first nine months of 1995, net sales increased by \$25.6 million, or 6.6%, to \$410.3 million from \$384.7 million in the same period of 1994. Sales in the United States decreased due to discontinuing certain dealer incentives which previously encouraged dealers to place stocking orders in the third quarter of the year. Excluding the impact these incentives had on sales in 1994, sales would have increased in the United States in 1995. After adjusting for the impact of Maillefer and the weaker U.S. dollar, sales in Europe also increased. The amount of the increase in net sales for the first nine months of 1995 attributable to a weaker U.S. dollar was significantly offset by the additional two months of sales reported in the first quarter of 1994 due to the elimination of a reporting lag at two foreign locations.

Gross profit increased \$8.7 million, or 4.6%, to \$199.5 million from \$190.8 million in the first nine months of 1994 as a result of higher net sales. As a percentage of net sales, gross profit decreased from 49.6% in the nine months ended September 30, 1994 to 48.6% in the same period of 1995. In 1994, the dealer incentives favorably impacted sales mix towards higher margin products and the resulting higher sales volume improved overhead absorption, thereby increasing the gross margin percentage. In addition, the gross margin percentage in 1995 was impacted by lower margins on the sale of Maillefer products due to purchase accounting.

Selling, general and administrative expenses for the first nine months of 1995 increased \$12.6 million, or 10.5%. As a percentage of net sales, expenses increased from 31.1% in the nine months ended September 30, 1994 to 32.3% for the same period of 1995. The main reason for the percentage increase is that the higher United States sales level in 1994 attributed to dealer incentives was achieved with minimal additional selling, general and administrative costs. In addition, 1995 was impacted by higher than normal expenditures for new product promotions and the implementation of management information systems in Europe.

The Company incurred other expenses of \$2.2 million for the first nine months of 1995, compared to other income of \$.8 million in the same period of 1994. The Company took a one-time charge of \$3.1 million in the second quarter of 1995 to cover the costs of closing down its Executive Offices in Illinois and consolidating its executive operations in York, Pennsylvania. This charge on an after tax basis was \$1.8 million, or \$.07 per share.

Income from continuing operations before income taxes of \$59.3 million for the nine months ended September 30, 1995 decreased \$7.0 million, or 10.6%, from \$66.3 million in 1994. Without the one-time charge for closing down the Executive Offices in Illinois and consolidation of executive operations in York, Pennsylvania, income from continuing operations before income taxes for the first nine months of 1995 was \$62.4 million, a decrease of \$3.9 million, or 5.9%, over the same period of 1994.

The Company's effective tax rate on income from continuing operations before income taxes decreased from 41.3% in the nine months ended September 30, 1994 to 39.8% for the nine months ended September 30, 1995 due primarily to lower foreign losses without tax benefit in 1995.

Earnings per share from continuing operations of \$1.32 for the nine months ended September 30, 1995 decreased \$.08, or 5.7%, from \$1.40 for the nine months ended September 30, 1994. Without the one-time charge in the second

quarter to cover the costs of closing down the Executive Offices in Illinois and consolidating executive operations in York, Pennsylvania, earnings per share were \$1.39, a decrease of \$.01 over the year earlier period.

Net sales from the discontinued medical business for the nine months ended September 30, 1995 were \$14.9 million, a decrease of \$23.9 million from the same period in 1994 as a result of the divestiture during the fourth quarter of 1994 of two of the three business units identified as discontinued operations.

LIQUIDITY AND CAPITAL RESOURCES

In March 1995, the Company paid \$11.5 million to acquire the outstanding capital stock of KV33 Corporation ("KV33"), based in Tucson, Arizona. KV33 designs, develops, manufactures, and markets disposable articulators for the dental laboratory market, and is the leading manufacturer and distributor of disposable articulators in the United States. Articulators are used by dental laboratory technicians to replicate human jaw movement when performing restorative procedures such as crown and bridge restorations. KV33 plastic articulators are a cost-effective, disposable alternative to conventional multi-use metal articulators which require routine disinfecting.

In June 1995, the Company acquired approximately 96% of the outstanding Capital Stock of Maillefer Instruments S.A. ("Maillefer") in a cash transaction for \$65.8 million. Maillefer is the world's leading manufacturer and distributor of endodontic instruments. Based in Ballaigues, Switzerland, Maillefer's product offerings include endodontic broaches, files, burs, pins and post systems, surgical twist drills, and a variety of other instruments and accessory products. Maillefer products have achieved a world class reputation for high quality through continuous new, innovative research and development and state-of-the-art manufacturing processes.

The Company obtained the funds for the aforementioned acquisitions from a new \$60.0 million term loan (which has the same maturity date, interest rate structure, and covenants as the Company's existing \$175.0 million Bank Revolving Loan Facility), short-term bank borrowings, and cash on hand.

Investing activities for the nine months ended September 30, 1995 include capital expenditures of \$11.8 million.

During 1995 the Company repurchased 1.26 million shares of its common stock for \$42.7 million, in accordance with the share repurchase program authorized by the Board of Directors in December 1994. The repurchased shares included .8 million shares from the McDonough family interests pursuant to an agreement entered into on February 8, 1995 in connection with John J. McDonough's resignation as Chief Executive Officer of the Company.

Excluding the net assets of discontinued operations, at September 30, 1995, the Company's current ratio was 2.4 with working capital of \$139.7 million. This compares with a current ratio of 2.0 and working capital of \$92.2 million at December 31, 1994. The increase was primarily due to the acquisition of Maillefer.

The Company expects to be able to finance cash requirements, including capital expenditures, stock repurchases, and debt service and the anticipated acquisition of the dental manufacturing and distribution operation of Tulsa Dental Instruments LLC, from funds generated from operations and amounts available under the existing Revolving Credit Agreement.

For the nine months ended September 30, 1995, cash flows from operating activities were \$34.8 million compared to \$45.9 million for the nine months ended September 30, 1994. The decrease is due mainly to higher income tax payments. In 1995, income tax payments included taxes on the gain from the disposal of the medical business. Income tax payments for 1994 were reduced by the deduction of the prepayment penalty on the repayment of the senior debt in January 1994.

IMPACT OF INFLATION

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

PART II
OTHER INFORMATION

Item 1 - Legal Proceedings

The Company 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 it 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 -----
11	Statement regarding computation of earnings per share.
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

On July 17, 1995 the Company filed a Form 8-K (Items 2 and 7) reporting the acquisition of Maillefer Instruments, S.A. Amendment No. 1 to this Form 8-K was filed on Form 8-K/A on September 15, 1995. Financial statements filed with Form 8-K/A were as follows:

- (1) Financial statements of Maillefer Instruments, S.A. for the year ended December 31, 1994
 - (a) Balance Sheet
 - (b) Income Statement
 - (c) Notes to the Financial Statements
 - (d) Generally Accepted Accounting Principles (GAAP) Reconciliation

- (2) Pro Forma Financial Information
 - (a) Pro Forma Condensed Consolidated Balance Sheet as of March 31, 1995
 - (b) Pro Forma Condensed Consolidated Statements of Income for the three months ended March 31, 1995 and for the year ended December 31, 1994.
 - (c) Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

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.

November 14, 1995

Date

/s/ Burton C. Borgelt

Burton C. Borgelt
Chairman and
Chief Executive Officer

November 14, 1995

Date

/s/ Edward D. Yates

Edward D. Yates
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

Number	Description	Sequential Page No.
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11	Statement regarding computation of earnings per share.	20
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)	21

DENTSPLY INTERNATIONAL INC.
EXHIBIT 11
COMPUTATION OF EARNINGS PER SHARE

Earnings per common share:
- - - - -

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1994	1995	1994	1995
	(in thousands, except per share data)			
Weighted average common shares outstanding	27,805	27,001	27,763	27,033
Income from continuing operations	\$ 13,781	\$ 9,479	\$ 38,934	\$ 35,688
Income from discontinued medical segment	75	-	1,311	-
Net income	<u>\$ 13,856</u>	<u>\$ 9,479</u>	<u>\$ 40,245</u>	<u>\$ 35,688</u>

Earnings per common share:

From continuing operations	\$.50	\$.35	\$1.40	\$1.32
From discontinued operations	--	--	.05	--
	----	----	----	----
Net income	<u>\$.50</u>	<u>\$.35</u>	<u>\$1.45</u>	<u>\$1.32</u>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS OF DENSTPLY INTERNATIONAL, INC. AT SEPTEMBER 30, 1995 AND FOR THE FISCAL QUARTER THEN ENDED, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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