

Inside Track:At Cantel Medical,Insider Buying Reverses a Trend----By Tony Cooke and Nicolas Brulliard

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Recent insider buying at medical-device company [Cantel Medical Corp.](#) was seen by one observer as particularly positive, since recent transactions by company insiders had been overwhelmingly to sell shares.

Five Cantel insiders Friday reported the purchase of a total of 13,950 shares at an average price of \$12.74 each, according to data from Washington Service, which tracks insider transactions. Cantel Medical shares fell slightly yesterday, by a nickel, to \$13.24 in 4 p.m. New York Stock Exchange composite trading.

"We announced earnings last Thursday. The stock went down, and I guess they viewed it as a good opportunity to either establish or increase their equity position in the company," said Cantel Medical Chief Executive James P. Reilly, who wasn't one of the buyers.

Mr. Reilly said the Little Falls, N.J., company wouldn't make any of the insiders available for interviews. "It's their own personal business," he said.

Cantel shares touched a 52-week low of \$12.27 Thursday after the company said fiscal fourth-quarter income from continuing operations fell to \$922,000, or six cents a share, from \$2.66 million, or 16 cents a share, a year earlier.

Previously during 2006, company insiders reported the sale of 165,375 shares at prices from \$14.48 a share to \$17.87 a share. The last time as many as three insiders reported stock purchases in a short period was in 2002.

"If you look at the thrust of the transactions over time, it's very heavily weighted to the sell side," said [Michael Painchaud, research director for the research firm Market Profile Theorems Inc.](#) Given that negative history, Mr. Painchaud said, "the purchases have additional positive punch."

Mr. Painchaud said that insider buying at any company with a history of sales can be a particularly positive sign. "It takes a lot to get people to change their patterns," he said.

With equity analysts lukewarm on the company's prospects, Mr. Painchaud said, insiders may be sending an early positive signal.

To be sure, insiders at a company with a beaten-down stock will sometimes buy shares as a show of faith, or because they are being urged to do so by their colleagues, said Ben Silverman, director of research for InsiderScore.com.

Mr. Reilly, who has announced his intention to retire as Cantel chief executive no later than July 31, 2007, said that there was no organized effort to promote share purchases and that the insiders acted independently. "They're not even in the same office," he said.

Mr. Silverman said it was positive that Cantel Medical insiders have been exercising options and holding the resulting shares. Since the beginning of August, four insiders have added 186,675 shares to their holdings in this fashion, according to Washington Service data.

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