

December 12, 2011



# Enzo Biochem Reports Fiscal First Quarter 2012 Results

## Focus on Strategic Initiatives in Molecular Diagnostic Platforms

NEW YORK--(BUSINESS WIRE)-- [Enzo Biochem, Inc.](#) (NYSE:ENZ) today reported operating results for the fiscal first quarter ended October 31, 2011.

Among the quarter's highlights:

- Total Company revenues increased year over year, despite a challenging environment in the life sciences markets;
- Enzo Clinical Labs revenues increased 15% due to greater market penetration;
- Enzo Life Sciences continued its organizational consolidation, streamlining operations, making inroads into the non-academic segments, and expanding its senior sales and marketing team;
- Greater integration between Life Sciences and Clinical Labs yielding important synergies, including development of two new important molecular diagnostics platforms.

"Enzo Clinical Labs continues to achieve double-digit growth due to the success of our expanded sales and marketing programs," said Barry Weiner, Enzo President. "At Enzo Life Sciences, we remain committed to transitioning to higher value products and systems directed at the non-academic market segment. The Life Sciences industry is experiencing significant softness in the academic market segment arising from reduced government funding grants and general tightness in the global economy. Despite these market conditions, sales of our core products have remained stable, although distributed products both domestically and overseas have experienced weakness. We continue to focus on our strategic course designed to utilize our historic resources and vast intellectual property to build proprietary platforms having high value and growth potential."

"Healthcare is increasingly moving towards predictive and personalized diagnostics, areas where the opportunities for Enzo are substantial. We remain highly prioritized on increasing volume from our existing businesses, expanding market penetration and market reach, and improving operating efficiencies to enhance current results. Additionally, finances remain strong. We continue to focus on our many resources to make certain Enzo participates substantially in the growth of molecular diagnostics."

For the first quarter, total revenues amounted to \$25.8 million, a slight gain over last year's comparable quarter, and the net loss was \$4.5 million or (\$.12) per diluted share. This

compares with year-ago revenues of \$25.7 million and a net loss of \$1.1 million or (\$.03) per diluted share. EBITDA (earnings (loss) before interest, taxes, depreciation and amortization, a non-GAAP measure) was (\$3.1) million. Despite the increased loss, cash utilized in operations increased by only \$0.5 million over last year.

Largely due to organic growth and greater service volume, Clinical Labs revenues increased 15%, or \$1.8 million, to \$14.2 million. Gross profit for the quarter increased 12% to \$5.4 million, although higher costs, which are not expected to recur, impacted the gross profit percent by 100 basis points. Operating expenses, which are related to revenue gains, increased \$0.5 million but as a percentage of revenues declined to 44% from 46%.

At Enzo Life Sciences, product revenues declined \$0.5 million to \$9.7 million, due largely to the aforementioned market softness in academia and certain distributed products, although core product sales remained constant. Royalty and license fee income declined to \$1.9 million from \$3.1 million a year ago, primarily as a result of lower reported sales volume from a key licensor. Gross profit totaled \$6.4 million compared with \$8.7 million in the corresponding year-ago period, with the majority of the decline attributable to lower royalty and licensing fee income. Total operating expenses increased \$1.1 million, primarily due to higher sales and marketing costs and the addition of new senior level personnel. The segment reported a slight operating loss for the period.

Overall, operating expenses were up by 11% primarily due to higher sales and marketing expenses. Finances remained strong, with cash and cash equivalents, and short term investments totaling \$21.4 million, and working capital of \$30 million. The Company continues to have no long-term debt.

### **New Molecular Diagnostic Platforms**

Enzo Life Sciences, as part of its new mandate, is focusing on higher value products and assay systems aimed more at pharmaceutical and biotech companies. Also, as a result of increased synergies between Life Sciences and Clinical Labs, Enzo has under development two molecular diagnostics platforms believed to have long term revenue potential.

One is Amp-Probe™, an internally designed, proprietary technology platform which can enable the performance of real time, PCR-type amplification and detection in a better, faster and more economical way. This platform has been designed with interchangeable components formatted for open laboratory systems, and has initially generated results that have shown 100% concordance with other systems, in addition to demonstrating substantially better sensitivity as well as providing several economic and service-level improvements that conventional PCR cannot match. Among these are the need for reduced patient samples, lower reagent costs and their ability to run multiple tests on the same sample, thus benefiting doctor, patient and the laboratory running the tests.

In addition, Enzo scientists have been working on applications of the Company's next generation branched DNA platform. In addition to its utility in visualizing small amounts of virus DNA that have been actually integrated into the patient's cell, this platform technology may also be useful in the development of a battery of more sensitive tests to aid in the identification of certain types of cancers.

The ultimate goal of these technology platforms, said Mr. Weiner, is to produce products

that can take the form of FDA-cleared assays in the US, CE-IVD marked products for Europe, and/or GMP-manufactured reagents that laboratories can validate internally and offer as Lab-developed tests.

### **Conference Call**

**The Company will conduct a conference call on December 13, 2011 at 8:30 AM ET. The call can be accessed by dialing 1-888-459-5609. International callers can dial 1-973-321-1024. Please reference PIN number 34311540. Interested parties may also listen over the Internet at <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=94391&eventID=4683387>. To listen to the live call on the Internet, please go to the web site at least fifteen minutes early to register, download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay will be available approximately two hours after the end of the live call, through midnight (ET) on December 27, 2011. The replay of the conference call can be accessed by dialing 1-800-585-8367, and when prompted, use PIN number 34311540. International callers can dial 1-404-537-3406, using the same PIN number.**

### **NON-GAAP Financial Measures**

To comply with Regulation G promulgated pursuant to the Sarbanes-Oxley Act, Enzo Biochem attached to this news release and will post to the Company's investor relations web site ([www.enzo.com](http://www.enzo.com)) any reconciliation of differences between non-GAAP financial information that may be required in connection with issuing the Company's quarterly financial results.

The Company uses EBITDA, as a measure of performance to demonstrate earnings exclusive of interest, taxes, depreciation and amortization. The Company manages its business based on its operating cash flows. The Company, in its daily management of its business affairs and analysis of its monthly, quarterly and annual performance, makes its decisions based on cash flows, not on the amortization of assets obtained through historical activities. The Company, in managing its current and future affairs, cannot affect the amortization of the intangible assets to any material degree, and therefore uses EBITDA as its primary management guide. Since an outside investor may base its evaluation of the Company's performance based on the Company's net loss not its cash flows, there is a limitation to the EBITDA measurement. EBITDA is not, and should not be considered, an alternative to net loss, loss from operations, or any other measure for determining operating performance of liquidity, as determined under accounting principles generally accepted in the United States (GAAP). The most directly comparable GAAP reference in the Company's case is the removal of interest, taxes, depreciation and amortization.

### **About Enzo Biochem**

Enzo Biochem, Inc., is a growth-oriented integrated life sciences and biotechnology company focused on harnessing biological process to develop research tools, diagnostics and therapeutics, and serves as a provider of test services, including exotic tests, to the medical community. Since our founding in 1976, our strategic focus has been on the development of enabling technologies in the life sciences field. Enzo Life Sciences develops, produces and markets proprietary labeling and detection products for gene sequencing, genetic analysis and immunological research, among others. Its catalog of over 30,000

products serves the molecular biology, drug discovery and pathology research markets worldwide. Enzo Clinical Labs provides laboratory services for a growing roster of physicians in the New York Metropolitan area, Pennsylvania and New Jersey. Its tests include, in addition to routine tests, capabilities for detecting molecular infection disease, molecular oncology, autoimmune disorders and genetics. Enzo Clinical Labs also provides clinical diagnostic services that allow Enzo to capitalize on its extensive advanced molecular and cytogenetic capabilities and the broader trends in predictive and personalized diagnostics. Enzo Therapeutics is a biopharmaceutical venture that has developed multiple novel approaches in the areas of gastrointestinal, infectious, ophthalmic and metabolic diseases. It has focused its efforts on developing treatment regimens for diseases and conditions for which current treatment options are ineffective, costly, and/or cause unwanted side effects. In the course of the company's research and development activities, Enzo has also developed a substantial portfolio of intellectual property asset with patent coverage across a number of key technologies.

*Except for historical information, the matters discussed in this news release may be considered "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include declarations regarding the intent, belief or current expectations of the Company and its management, including those related to cash flow, gross margins, revenues, and expenses are dependent on a number of factors outside of the control of the company including, inter alia, the markets for the Company's products and services, costs of goods and services, other expenses, government regulations, litigations, and general business conditions. See Risk Factors in the Company's Form 10-K for the fiscal year ended July 31, 2011. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties that could materially affect actual results. The Company disclaims any obligations to update any forward-looking statement as a result of developments occurring after the date of this press release.*

ENZO BIOCHEM, INC.  
(in thousands, except per share data)

<b><u>Selected operations data:</u></b>	<b>Three months ended October 31, (unaudited)</b>	
	<b>2011</b>	<b>2010</b>
Revenues:		
Clinical laboratory services	\$ 14,187	\$ 12,390
Product revenues	\$ 9,704	\$ 10,184
Royalty and license fee income	\$ 1,862	\$ 3,078
Total revenues	<u>\$ 25,753</u>	<u>\$ 25,652</u>
Gross profit	<u>\$ 11,802</u>	<u>\$ 13,473</u>

Gross profit %	46%	53%
Loss before income taxes	(\$4,326)	(\$1,060)
Provision for income taxes (A)	(168)	(62)
Net loss	(\$4,494)	(\$1,122)
Basic and diluted loss per share	(\$0.12)	(\$0.03)
Weighted average shares outstanding - basic and diluted	38,597	38,160

**Reconciliation of GAAP Net Loss to EBITDA, as adjusted:**

Net loss	(\$4,494)	(\$1,122)
Add-back (deduct):		
Depreciation and amortization	1,222	1,088
Interest expense (income)	2	(5)
Provision for income taxes	168	62
EBITDA (B)	(\$3,102)	\$ 23

**Notes:**

A- All periods reflect effective tax rates below the statutory rate due to inability to recognize future tax benefits.

B- EBITDA is a non-GAAP measure, as described in the attached press release

**Selected balance sheet data:**

	<u>October 31, 2011</u>	<u>July 31, 2011</u>
Cash and cash equivalents and short term investments	\$ 21,377	\$ 24,161
Working capital	\$ 30,038	\$ 33,670
Stockholders' equity	\$ 83,472	\$ 88,715
Total assets	\$ 103,954	\$ 109,474

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