

December 10, 2013



Enzo Biochem Reports First Fiscal Quarter Results

Further Financial Progress Achieved on Sequential Basis

NEW YORK--(BUSINESS WIRE)-- Enzo Biochem Inc. (NYSE:ENZ) today reported results for the fiscal first quarter ended October 31, 2013. Highlights include:

- Net loss for the quarter was reduced by over \$0.9 million from a year ago and \$0.3 million sequentially.
- Sequential revenue increased by \$0.9 million, driven by strong growth in Clinical Labs, which offset continued general market weakness affecting Life Sciences.
- EBITDA (earnings before interest, taxes, depreciation and amortization) improved by \$0.8 million sequentially, and \$1.0 million year-over-year.
- Sequentially, gross margins showed improvement across the board, up \$1.1 million.
- Gross profit, as a percentage of revenues, improved sequentially from 41% to 44%.
- Operating expenses, relating to SG&A, declined \$0.9 million or 8% over the prior year.

“The year is off to a good start with improved first quarter results and we continue to remain focused on our developing technologies that offer enhanced efficiencies and materially reduced costs for the clinical diagnostics market in addition to new assays in line with increasing attention paid to molecular diagnostics. We are moving to increase our position as a segment innovator and in that regard have underway the development of a strategic program incorporating comprehensive molecular diagnostic products and services based on high performance new platforms focusing on, amongst others, women’s health. These would be directed to meeting today’s demand for more cost-efficient healthcare, while providing better delivery, wider access and improved diagnostic quality, in addition to representing a valuable new business direction for Enzo Biochem,” said Barry Weiner, Enzo President. “We continue to expand our portfolio of specialized testing at the clinical laboratory. The recently announced partnerships with Sequenom and others are a further commitment to the field of molecular and companion diagnostics and support Enzo’s ability to provide its customers with high-value esoteric testing services. This quarter also highlighted a peer reviewed publication detailing the work we have done in potentially identifying an infectious disease link to idiopathic pulmonary fibrosis (IPF) that may allow Enzo to develop the first broadly-based human diagnostic for this fatal condition. Finally, we remain steadfast in our determination to realize value from our extensive intellectual property estate. We believe the upcoming litigation provides the Company with a promising opportunity to realize the value of its intellectual property.”

Quarterly Results

For the three months ended October 31, 2013, total revenues amounted to \$24.1 million, compared with \$23.3 million in the preceding July 2013 quarter and \$25.6 million a year ago. The operating income loss improved to (\$3.0) million, from approximately (\$4.0) million a year ago and (\$3.4 million) in the preceding quarter. Gross margin at \$10.6 million, compared with \$9.4 million in the preceding quarter and \$11.7 million a year ago, while gross profit, as a percentage of sales, respectively amounted to 44%, 41% and 46%, indicating continued sequential improvement. Operating costs relating to SG&A, as a result of reductions implemented in fiscal 2013, were \$0.9 million or 8% lower year over year. The net loss for the quarter was (\$2.8) million, improved from (\$3.7) million a year ago and improved from (\$3.1) million in the preceding quarter.

EBITDA, a non GAAP measure, improved to a negative (\$1.6) million in the October quarter, compared to EBITDA of (\$2.6) million a year ago and (\$2.4) million in the July 2013 period. On October 31, 2013, working capital stood at \$8.1 million with \$7.4 million in cash and cash equivalents.

Segment Results

Reduced funding for research and development at academic and government labs continued to contribute to a soft life sciences market worldwide. In addition, planned reductions in lower margin products at **Enzo Life Sciences** also affected revenues. Specifically, including royalty and license fee income (which increased sequentially), Life Sciences revenues in the October 2013 quarter amounted to \$9.3 million, compared with \$10.5 million a year ago and \$9.3 million in the preceding quarter. However, operating income increased to \$1.4 million sequentially, from \$1.3 million in the July 2013 period and \$1.3 million a year ago.

The program to focus on higher margin products, reduce overhead through rationalization of domestic and overseas facilities, and increased integration between Life Sciences and Enzo Clinical Laboratories to enhance our role for Laboratory Developed Tests (LDTs), particularly in molecular diagnostics, has yielded increasing results.

At Enzo Clinical Labs, revenues were higher quarter over quarter, \$14.9 million compared to \$14.0 million, and slightly below last year's \$15.2 million. Clinical Labs has been contending with industry-wide reimbursement reductions by successfully emphasizing esoteric and molecular-based diagnostics which increasingly are playing a greater role in medical evaluations, treatment determination and follow-up. At the same time, administrative efficiencies have resulted in reduced provision for uncollectable accounts receivable, which were approximately half that of a year ago, \$0.8 million, compared to \$1.6 million a year ago. However, the Labs' increasing emphasis on higher margin diagnostic tests and overall tighter cost controls resulted in a reduced operating loss of (\$0.9 million) for the quarter, compared to (\$1.2 million) a year ago and (\$1.5 million) in the July 2013 quarter.

Among the new developments at Clinical Labs recently was announcement of an agreement to market a proprietary early non-invasive prenatal laboratory test ("LDT") service, MaterniT21 PLUS™, developed by Sequenom Laboratories, Inc., subsidiary of publically-owned Sequenom, Inc. In addition, the Company reported on publication of a paper describing Enzo's work with scientists at three leading universities that has led to identification of a strong association of idiopathic pulmonary fibrosis (IPF), a fatal pulmonary

disease having no cure or treatment, with the presence of the *Herpes saimiri* a virus native to squirrel monkeys. As a result of this potentially breakthrough discovery, Enzo is working on developing a diagnostic test that could lead to early detection, and possibly a treatment.

Conference Call

The Company will conduct a conference call on December 11, 2013 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 22433054. Interested parties may also listen over the Internet at <http://phoenix.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=94391&eventID=5070029> 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 26 2013. The replay of the conference call can be accessed by dialing 1-800-585-8367, and when prompted, use PIN number 22433054. 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) 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. Adjustments to EBITDA are for items of a non-recurring nature and are reconciled on the table provided 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 is a pioneer in molecular diagnostics, leading the convergence of clinical laboratories, life sciences and therapeutics through the development of unique diagnostic platform technologies that provide numerous advantages over previous standards. A global company, Enzo Biochem utilizes cross-functional teams to develop and deploy products systems and services that meet the ever-changing and rapidly growing needs of health care

both today and into the future. Underpinning Enzo Biochem's products and technologies is a broad and deep intellectual property portfolio, with patent coverage across a number of key enabling 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, 2013. 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.

TABLE FOLLOWS

ENZO BIOCHEM, INC.

(in thousands, except per share data)

<u>Selected operations data:</u>	Three months ended October 31, (unaudited)	
	2013	2012
Revenues:		
Clinical laboratory services	\$14,860	\$15,177
Product revenues	\$7,663	\$8,434
Royalty and license fee income	\$1,611	\$2,019
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Total revenues	\$24,134	\$25,630
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Gross profit	\$10,579	\$11,736
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Gross profit %	44%	46%
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Loss before income taxes	(\$2,724)	(\$3,755)
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Benefit (provision) for income taxes (A)	(63)	64
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Net loss	(\$2,787)	(\$3,691)
Basic and diluted loss per share	(\$0.07)	(\$0.09)
Weighted average shares outstanding - basic and diluted	41,057	39,279

Reconciliation of GAAP Net Loss to EBITDA, as adjusted:

Net loss	(\$2,787)	(\$3,691)
Add-back (deduct):		
Depreciation and amortization	1,025	1,149
Interest expense (income)	62	9
(Benefit) provision for income taxes	63	(64)
EBITDA (B)	(\$1,637)	(\$2,597)

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:

	October 31, 2013	July 31, 2013
	(unaudited)	
Cash and cash equivalents	\$7,426	\$9,007
Working capital	\$8,149	\$8,704
Stockholders' equity	\$33,094	\$34,132
Total assets	\$58,286	\$58,958

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