

October 14, 2011



Enzo Reports Record Revenues of \$102 Million for Fiscal Year 2011

Fourth Quarter Results Show Strong Improvement, Led by Vigorous Enzo Clinical Lab Performance

NEW YORK--(BUSINESS WIRE)-- [Enzo Biochem, Inc.](#) (NYSE:ENZ) today reported operating results for the quarter and fiscal year ended July 31, 2011, including the following highlights for the quarter:

- EBITDA (earnings before interest, taxes, depreciation and amortization, a non-GAAP measure) improvement of 36.3%, or \$1.7 million;
- 11.6% increase in aggregate product and clinical lab revenues from a year ago;
- Clinical Labs revenue increase of 22%;
- 27% reduction, or \$1.5 million improvement, in the quarter's net loss as compared to a year ago;
- Gross Margin improvement to 45% from 41%.

"We continued to deliver improved operating results in the fourth quarter year over year, driven by significant revenue growth and an improving bottom line at Enzo Clinical Labs," said Barry Weiner, President. "Moreover, we are increasingly focused on developing proprietary technology and products to serve the rapidly growing molecular diagnostics market. Such products have the potential to continue to drive revenue growth and to enhance margins. We are also continuing to manage our Life Sciences division to improve profitability through a combination of innovative products, process improvement, and cost management. We also believe that our broad and deep intellectual property portfolio has the potential to deliver significant value through licensing opportunities."

Fourth Quarter Operating Results

Total revenues increased to \$26.8 million, up from \$25.8 million in the preceding April 2011 quarter and from \$24.9 million in the corresponding year-ago period. Clinical Labs revenues were \$14.3 million, increasing 3.5% sequentially and 22% year over year. Product revenues approximated \$10.5 million in the current and year ago periods. Royalty and licensing declined \$700,000 to \$2.0 million over the year ago period.

As a result of both increased overall revenue and improved cost structure, gross profit improved to \$12.0 million, from \$10.2 million a year ago, a 17.8% improvement, with the gross margin at 45% for the 2011 quarter, compared to 41% year over year. Selling, general and administrative expenses, as a percentage of total revenues, improved to 44%, from 46%

a year ago. The net loss for the period declined to (\$4.0) million, or (\$0.11) per diluted share, from a net loss a year ago of (\$5.5) million or (\$0.15) per diluted share last year. EBITDA loss for the period improved to (\$3.0) million as compared to (\$4.7) million in the year ago period, a 36% improvement.

Enzo's finances, as of July 31, 2011, remained strong and highly liquid, with cash and cash equivalents and short term investments of \$24.2 million, and working capital of \$33.7 million.

Enzo Clinical Labs, as noted, logged strong fourth quarter revenue gains, the result of organic growth, reflective of increased clients and test offerings and the new payer contract, which has increased access to physicians not previously served. As a result of the Company's strategy to increasingly integrate its operating businesses, Enzo Clinical Labs is increasingly focusing on the development of in-house developed tests, plus the addition of other esoteric assays to its menu. Revenues increased 22%, to \$14.3 million, exceeding the record sequential third quarter revenue of \$13.8 million. The gross margin increased to \$5.9 million, or 42% of revenues, compared to \$3.7 million, or 32%, a year ago. SG&A was \$4.8 million during both the 2011 and 2010 periods despite increases in commission and other selling costs. These resulted from greater revenue, offset by lower personnel costs related to staff reductions and process improvement initiatives in 2011. SG&A, as a percentage of revenue, declined to 34% from 41% a year ago. Provision for uncollectible accounts improved as a percentage of Lab revenues by 200 basis points over the year ago period. The Clinical Labs' operating loss was (\$0.4) million, as compared to a year-ago loss of (\$2.5) million.

Enzo Life Sciences posted an operating loss of (\$0.8) million as compared to (\$0.1) million in the year ago period. Royalty and licensing fee income, based on current payments received, declined to \$2.0 million, from \$2.7 million year-over-year. R&D costs were \$0.4 million lower as a result of the planned reductions and SG&A was 7% higher. The increased operating loss was primarily due to a higher cost of sales, attributed to higher compensation costs, changes in cost allocations, foreign exchange and other inventory costs. These were offset by non-recurring charges in the prior period, as well as higher legal costs and the aforementioned reduction in royalty and license fee income.

Full Year Operating Results

For the fiscal year ended July 31, 2011, total revenues increased 5%, to \$102 million, from \$97 million a year ago, including a 19% increase in Clinical Labs revenues. Gross margin increased 7%, to \$48.2 million from \$45.0 million a year ago, bringing the gross profit margin to 47% from 46%. Operating expenses, excluding the prior year legal settlement, as a percentage of total revenues, improved to 60%, from 65% a year ago, with SG&A declining to 44% of revenue, from 50% a year ago, reflective of cost containment and process improvement initiatives in 2011. The net loss was reduced by \$9.3 million to (\$12.9) million or (\$0.34) per diluted share. Adjusting for the legal settlement in 2010, the net loss improved by \$5.6 million or \$0.15 per diluted share. EBITDA, after the adjustment for the settlement, improved by \$5.9 million or 41%.

Conference Call

The Company will conduct a conference call on October 17, 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 17646541. Interested parties may also listen over the Internet at <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=94391&eventID=4214814>. 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 October 31, 2011. The replay of the conference call can be accessed by dialing 1-800-585-8367, and when prompted, use PIN number 17646541. 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. A further adjustment to the EBITDA was shown in this press release to reflect the litigation settlement to a former officer and the related legal costs. 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, 2009. 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)

<u>Selected operations data:</u>	Three months ended		Fiscal year ended	
	July 31, 2011		July 31, 2011	
	(unaudited)			
	2011	2010	2011	2010
Revenues:				
Clinical laboratory services	\$14,285	\$11,684	\$52,762	\$44,178
Product revenues	\$10,474	\$10,512	\$41,830	\$43,111
Royalty and license fee income	\$2,057	\$2,749	\$7,437	\$9,793
Total revenues	<u>26,816</u>	<u>24,945</u>	<u>102,029</u>	<u>97,082</u>
Gross profit	<u>\$12,042</u>	<u>\$10,222</u>	<u>\$48,210</u>	<u>\$44,965</u>
Gross profit %	45%	41%	47%	46%
Loss before income taxes	(\$4,199)	(\$5,757)	(\$12,823)	(\$22,261)
Benefit (Provision) for income taxes (A)	179	244	(137)	28

Net loss	<u>(\$4,020)</u>	<u>(\$5,513)</u>	<u>(\$12,960)</u>	<u>(\$22,233)</u>
Basic and diluted loss per share	<u>(\$0.11)</u>	<u>(\$0.15)</u>	<u>(\$0.34)</u>	<u>(\$0.59)</u>
Weighted average shares outstanding - basic and diluted	<u>38,593</u>	<u>38,156</u>	<u>38,357</u>	<u>38,001</u>

Reconciliation of GAAP Net Loss to EBITDA, as adjusted:

Net loss	(\$4,020)	(\$5,513)	(\$12,960)	(\$22,233)
Add-back (deduct):				
Depreciation and amortization	1,198	1,045	4,469	4,269
Interest expense (income)	(1)	(6)	(11)	(19)
Provision (benefit) for income taxes	(179)	(244)	137	(28)
EBITDA (B)	<u>(\$3,002)</u>	<u>(\$4,718)</u>	<u>(\$8,365)</u>	<u>(\$18,011)</u>
Adjustment for litigation settlement to former officer and related legal costs				3,698
EBITDA, as adjusted (C)	<u>(\$3,002)</u>	<u>(\$4,718)</u>	<u>(\$8,365)</u>	<u>(\$14,313)</u>

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.

C- EBITDA, adjusted for litigation settlement to former officer and related legal costs in 2010.

Selected balance sheet data:

	<u>July 31,</u> <u>2011</u>	<u>July 31,</u> <u>2010</u>
Cash and cash equivalents and short term investments	\$24,161	\$33,566
Working capital	\$33,670	\$42,181
Stockholders' equity	\$88,715	\$97,016
Total assets	\$109,474	\$115,245

Enzo Biochem, Inc.

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Source: Enzo Biochem, Inc.