

Enzo Biochem, Inc



CC

1 year PD

14.87% to 20.71%

- They maintain a solid liquidity position to cover short-term obligations, carry no LT-debt, and focus on the Life Sciences segment aims to drive future growth opportunities.
- Yet, they continue to face sustained operating losses, a declining revenue base post-divestiture, and legal liabilities, elevating credit risk and potential financing challenges.

Strengths

- **Liquidity Buffer & Debt:** Strong liquidity position with a current ratio of 2.8x and a quick ratio of 2.55 (FY-24), higher than the peer median of 1.9x. Despite ongoing cash burn, short-term obligations remain covered, providing a temporary cushion.
- **Gross Margin Improvement:** Enzo's gross margin improved from 37% in FY-24 to 52% in early FY-25, reflecting cost efficiency gains despite revenue challenges. This suggests better operational discipline in the Life Sciences segment post-divestiture.
- **Diversified Product Portfolio & Global Reach:** They offer thousands of life sciences products, including genomic probes, antibodies, and assays, serving a broad biomedical research and diagnostics market across the U.S. and internationally.

Challenges

- **Deteriorating Revenue Base:** Revenue collapsed from \$107mn in FY-22 to \$32mn in FY-24, largely due to the sale of the Clinical Laboratory segment to Labcorp, leaving a significantly smaller business with unclear growth prospects.
- **Continued Losses & Negative Cash Flow:** Net income was -\$26mn in FY-24, and operating cash flow was -\$26mn, leading to a steady depletion of cash reserves (dropping from \$82.4mn in FY-23 to \$40.3mn in T6-25).
- **High Leverage:** Debt to assets stands at 26.2%, significantly above the peer median of 14.7%. Negative EBITDA and EBITDAR (-\$10.5mn) indicate insufficient earnings to service financial obligations without external funding.
- **Management turnover:** High turnover rate in top management positions over the past couple of years (e.g. CEO, CFO, COO).

Scorecard Summary

Financial vs Business Risk Weighting Factors					
	Ownership	Public			
	Company Stage	Stabilized			
	Financials	Complete			
	Weight	Score	Dimension	Weight	Score
Financial	75%	2.3	Liquidity	15%	<div><div></div></div> 7.6
			Leverage	40%	<div><div></div></div> 1.3
			Profitability	45%	<div><div></div></div> 0.8
Business	25%	6.2	Industry Risk	20%	<div><div></div></div> 6.9
			Competitive Position	50%	<div><div></div></div> 6.6
			Mgmt / Governance	30%	<div><div></div></div> 5.0
			Sponsor / Parent		
Modifiers		0.3	Revenue Segment		<div><div></div></div> 1.2
			Trend Analysis		(0.39)
			Financial Flexibility		0.50

Company Overview

Headquarters	Farmingdale, NY
Type	Public
Employees	100 - 500
Year Founded	1976
Website	https://www.enzo.com
Business	Biotechnology company specializing in molecular diagnostics.
Revenues	\$31.9M

- **Company Overview:** The primary business of Enzo is conducted through its Life Sciences division. After the sale of its Clinical Laboratory segment for \$113mn to Labcorp in July 2023, the company now focuses on the manufacturing and distribution of genomic and proteomic research products.
- **Product:** Genomic Probes & Antibodies - tools for DNA/RNA analysis and protein detection used in biomedical research and diagnostics. Assays & Biochemicals - Enzo provides diagnostic reagents, assays, and specialized biochemical solutions for pharmaceutical and clinical research applications. Molecular Biology Tools - the company offers a range of gene editing and expression products used in scientific studies.
- **Customers:** Academic institutions, pharmaceutical and biotechnology companies, hospitals, and research laboratories across the U.S. and international markets
- **Ownership:** Publicly traded under NYSE: ENZ, with institutional and retail investors as primary shareholders.
- **Debt Structure:** Effectively debt-free. Some minor debt positions relate to liabilities from discontinued operations and Operating Leases. No R/C-line.
- **Basis for Assessment:** FY-22, FY-23, FY-24 and Q2-25 - SEC filed financials
- **Single Event Risks:** Liquidity depletion - persistent losses and cash burn may exhaust reserves, and increase default risk without external funding. Legal liabilities - regulatory fines or lawsuits could impose unexpected financial strain, accelerating liquidity pressures. Revenue failure - post-divestiture revenue decline risks an unsustainable business model, heightening default risk.

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	53	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	2.84	2.82	57%
	Quick Ratio	1.91	2.55	73%
Leverage	Net Debt / EBITDA	0.08	n/a	0%
	Debt to Assets	14.7%	26.2%	35%
Profitability	EBITDA Margin	12.4%	-34.8%	0%
	ROCE %	12.5%	-20.3%	
	Revenue	\$42M	\$32M	

Industry Benchmarks - Primary: Health Care Services | Secondary: Life Sciences Tools and Services



Financial Statement Highlights

\$ '000s	(C) Jul-22 T12	(B) Jul-24 T12	(A) Jul-24 T12	Change	
				(C) to (B)	(B) to (A)
Income Statement					
Total Revenue	107,071	31,907	31,907		0.0%
Gross Profit	41,967	14,632	14,632		0.0%
Adjusted EBITDA	(12,180)	(11,093)	(11,093)		0.0%
Gross Profit Margin	39.2%	45.9%	45.9%		0 bps
Net Income	(18,261)	(26,078)	(26,078)		0.0%
Balance Sheet					
Cash And Cash Equivalents	21,603	57,371	57,371		0.0%
Total Current Assets	54,354	70,031	70,031		0.0%
Total Assets	95,857	85,764	85,764		0.0%
Total Current Liabilities	24,550	24,794	24,794		0.0%
Total Debt	20,277	22,486	22,486		0.0%
Total Equity	54,462	56,112	56,112		0.0%
Key Ratios					
Current Ratio	2.21	2.82	2.82		0.0%
Quick Ratio	1.59	2.55	2.55		0.0%
Net Debt / EBITDA					
Debt to Assets	21.2%	26.2%	26.2%		0 bps
EBITDA Margin	-11.4%	-34.8%	-34.8%		0 bps
ROCE %	-21.0%	-20.3%	-20.3%		0 bps

- Revenue declined by 71% between FY-22 (\$107mn) and FY-24 (\$32mn), reflecting the impact of the divestiture of its Clinical Laboratory segment.
- Cash reserves fell from \$82.4mn (FY-23) to \$40.3mn in T6 FY-25, indicating a monthly cash burn rate of approximately \$2.8mn - implying a need for external financing.
- Total liabilities decreased from \$43.4mn (FY-23) to \$29.7mn (FY-24), but debt-to-assets ratio remains elevated at 26.2%, significantly higher than industry peers.

Business Risk Highlights

- **Industry:** The Life Sciences and molecular diagnostics market is competitive, with industry giants like Thermo Fisher and Agilent Technologies holding dominant positions. Future growth depends on Enzo's ability to scale its niche offerings and expand market share post-divestiture. In the US, the market was valued at ~\$56.6bn in 2023 and is projected to expand at 9.3% CAGR from 2024 to 2030.
- **Competitive Position:** Enzo lacks the scale and brand dominance of larger competitors but differentiates itself with a broad portfolio of research tools and proprietary molecular biology products. However, its revenue base is shrinking, and its market positioning post-divestiture remains uncertain.
- **Management:** The company's capital allocation decisions raise concerns, particularly the \$5.3mn distribution in T6-25 despite negative cash flow (-\$4.9mn net loss in the same period). This suggests a potential misalignment between financial stability and stakeholder payouts.
- **PE Sponsor:** N/A
- **Strategic Uncertainty Post-Divesture:** The sale of the Clinical Laboratory business significantly reduced revenue, and management has yet to clarify a clear roadmap for