

Bio-Techne: Funding the next phase of CGT growth

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Bio-Techne had invested in specialized reagents and manufacturing capabilities for cell and gene therapies (CGT), while reporting weak organic growth in its largest segment. It also had a company-wide capital plan and a large future contractual purchase commitment tied to Wilson Wolf. How should the company pace any remaining, changeable investment in CGT commercialization against its other growth opportunities?

This case uses information available through 22 August 2024. An advisory role and authority to recommend the pace of marginal proposals are hypothetical. Bio-Techne did not disclose a pending internal allocation decision. No project-level budget or return is available in public sources.

A core business under pressure

Bio-Techne sells life-science tools, reagents, instruments, and services through two reporting segments. Protein Sciences supplies specialized proteins, cytokines, growth factors, antibodies, immunoassays, and related research tools. The company also described cGMP proteins and small molecules for CGT manufacturing. Protein Sciences represented about 72% of fiscal 2024 sales. Diagnostics & Genomics (D&G) sells spatial-biology products, diagnostics, and reagents for the in-vitro diagnostic market. [1]

For the year ended 30 June 2024, consolidated sales were \$1.159 billion. Organic revenue grew 1%; acquisitions contributed another 1 percentage point to reported growth. Protein Sciences sales were \$830.9 million and declined 2% organically. Its adjusted operating margin was 42.7%, compared with 44.2% in FY23. Management attributed the margin decline mainly to unfavorable volume leverage. [1, 2]

D&G sales were \$326.4 million. Organic revenue grew 6%, with acquisitions contributing 5 percentage points and foreign exchange contributing 1 point. Its adjusted operating margin was 7.5%, down from 14.7% in FY23. Management attributed the decline to strategic growth investments and the Lunaphore acquisition, partly offset by favorable volume leverage. [2]

In the Q4 results release, CEO Kim Kelderman described biopharma and China end markets as continuing to stabilize, while calling end markets “stabilizing, yet still challenging.” That statement was management’s view across broad end markets; it did not identify demand for a particular CGT product or customer. [2]

Building a CGT position

Bio-Techne disclosed significant investment in cGMP facilities to produce proteins and small molecules for CGT customers. It also held a 19.9% stake in Wilson Wolf, a producer of cell-culture systems, and participated with Wilson Wolf and another partner in ScaleReady, a marketing venture addressing cell-therapy manufacturing needs. The company did not report CGT sales, customer qualification stages, facility utilization, project costs, or project returns. [1]

For an actual investment decision, managers would need customer-specific product-fit and demand evidence, plus the quality and supply requirements of any proposed program. The filing does not report such customer-level data. It identifies new-product commercialization, customer adoption, research-funding shifts, competition, and capacity mismatch as risks. It separately says suppliers may extend lead times during market upturns and that Bio-Techne sometimes enters noncancelable purchase commitments with vendors, which can leave excess or obsolete inventory if demand falls. These are company-wide risk disclosures, not evidence that a specific facility, supplier, or customer program had encountered those problems. [1]

The strategic tension was therefore not simply whether CGT was attractive. Bio-Techne had to decide what additional commitment, if any, the available evidence justified, and how to weigh it against the core Protein Sciences business and other growth platforms.

Capital and commitments

Capital additions were \$62.9 million in FY24. Management planned approximately \$48 million in FY25. The plan covered the company; Bio-Techne did not disclose how much was allocated to CGT, how much remained uncommitted, or the cancellation cost and schedule of individual projects. The \$48 million was not a disclosed discretionary pool. [1]

Wilson Wolf was a distinct future obligation. Bio-Techne paid \$25 million in FY22 to enter a two-part forward contract. After Wilson Wolf met an EBITDA target, Bio-Techne paid \$232 million in FY23 to acquire 19.9%. The contract required purchase of the remaining 80.1% by 31 December 2027, with possible earlier acceleration if specified milestones were met. As of 30 June 2024, the later milestones had not been met. The company estimated payment of about \$1 billion plus possible contingent consideration, expected in FY26-FY28. This was not part of the annual capex plan. [1]

At fiscal year-end, Bio-Techne reported \$152.9 million of cash and short-term investments, \$319 million drawn on its revolving facility, and \$681 million of remaining availability. Management expected available cash, operating cash flow, and credit to cover operating needs, facility expansion, capital additions, and dividends for at least the next 12 months. The future Wilson Wolf purchase still needed to be considered in longer-range financing plans. [1]

Evidence for pacing investment

Academic research on CGT manufacturing shows why demand, scale, and process configuration belong in a capacity decision. Comisel et al. (2021) modeled alternative lentiviral-vector processes. Their base comparison used a common hypothetical product and common infectious harvest titre across technologies; modeled savings also depended on process assumptions. The article's large-scale suspension scenarios above 200 liters assumed future feasibility of transient transfection at that scale, while the authors reported processes had been scaled up to 200 liters. The work concerns vector manufacturers. It does not establish Bio-Techne's reagent demand, customer economics, or returns. [3]

Scott et al. (2020) describe an abstract-level risk-based approach to raw-material management in cell therapies and identify reagents among materials that may warrant attention. The article provides a framework for thinking about material risk; its abstract does not establish a supply issue at Bio-Techne or a specific customer qualification. [4]

These studies can help structure questions about customer readiness, capacity, and evidence. They cannot supply Bio-Techne's conversion probabilities or a numeric investment hurdle. Public sources also do not show whether any specific FY25 proposal was legally or operationally movable.

Your decision

Assume you are advising Bio-Techne's leaders on the pace of any marginal, still-uncommitted FY25 growth commitments and commercial resources. Recommend how the company should weigh cGMP CGT reagent commercialization against core Protein Sciences and other growth platforms.

Your recommendation should identify what can actually be changed after separating existing contractual, construction, quality, maintenance, and customer commitments from new proposals. Explain what evidence should govern the next commitment and what could cause management to accelerate, stage, redesign, or defer a proposal. Consider the future Wilson Wolf purchase in liquidity planning without treating it as part of the \$48 million capex plan. Do not invent allocations, customer data, project returns, or numeric thresholds.

Selected sources

1. Bio-Techne, [FY2024 Form 10-K](#), filed 22 August 2024, Item 1 lines 282-332; Risk Factors lines 657-737; MD&A lines 1039-1100; Liquidity and Capital Resources lines 1295-1335.
2. Bio-Techne, [Fourth Quarter Fiscal 2024 Results](#), 7 August 2024, lines 91-106, 111-129, 134-145. Growth and margin measures identified as organic or adjusted are non-GAAP where stated in the release.
3. Comisel, R.-M., B. Kara, F.H. Fiesser, and S.S. Farid (2021), "[Lentiviral vector bioprocess economics for cell and gene therapy commercialization](#)", *Biochemical Engineering Journal* 167, article 107868, DOI 10.1016/j.bej.2020.107868. Sections 2-4, repository PDF pp. 3-15; modeled vector-manufacturing evidence with process and scale assumptions, not supplier-specific returns.
4. Scott, M. et al. (2020), "[Transitioning from development to commercial: risk-based guidance for critical materials management in cell therapies](#)", *Cytotherapy* 22(11), 669-676, DOI 10.1016/j.jcyt.2020.06.011. PubMed abstract only; full article not accessed.