companywatch
financial analytics

The Top 20

Industry Insights

Pharmaceutical

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Introduction

The biotech and pharmaceutical sector continues to be one of the most dynamic and essential industries in the UK. With innovative developments, increased demand for healthcare solutions, and growing market opportunities, the industry has witnessed remarkable performance over the latest reporting period.

To identify the top performers, we evaluated the 20 leading companies across two key sectors: Manufacture of Pharmaceutical Preparations (SIC 21200) and Wholesale of Pharmaceutical Goods (SIC 46460). By blending the top performers from both categories into a singular ranking, our analysis provides a comprehensive snapshot of the industry's strongest players. The companies were ranked in descending order based on their most recent sales figures, offering insights into revenue growth and profitability trends. By comparing current data with the previous period, we were able to gauge growth rates and assess key industry developments.

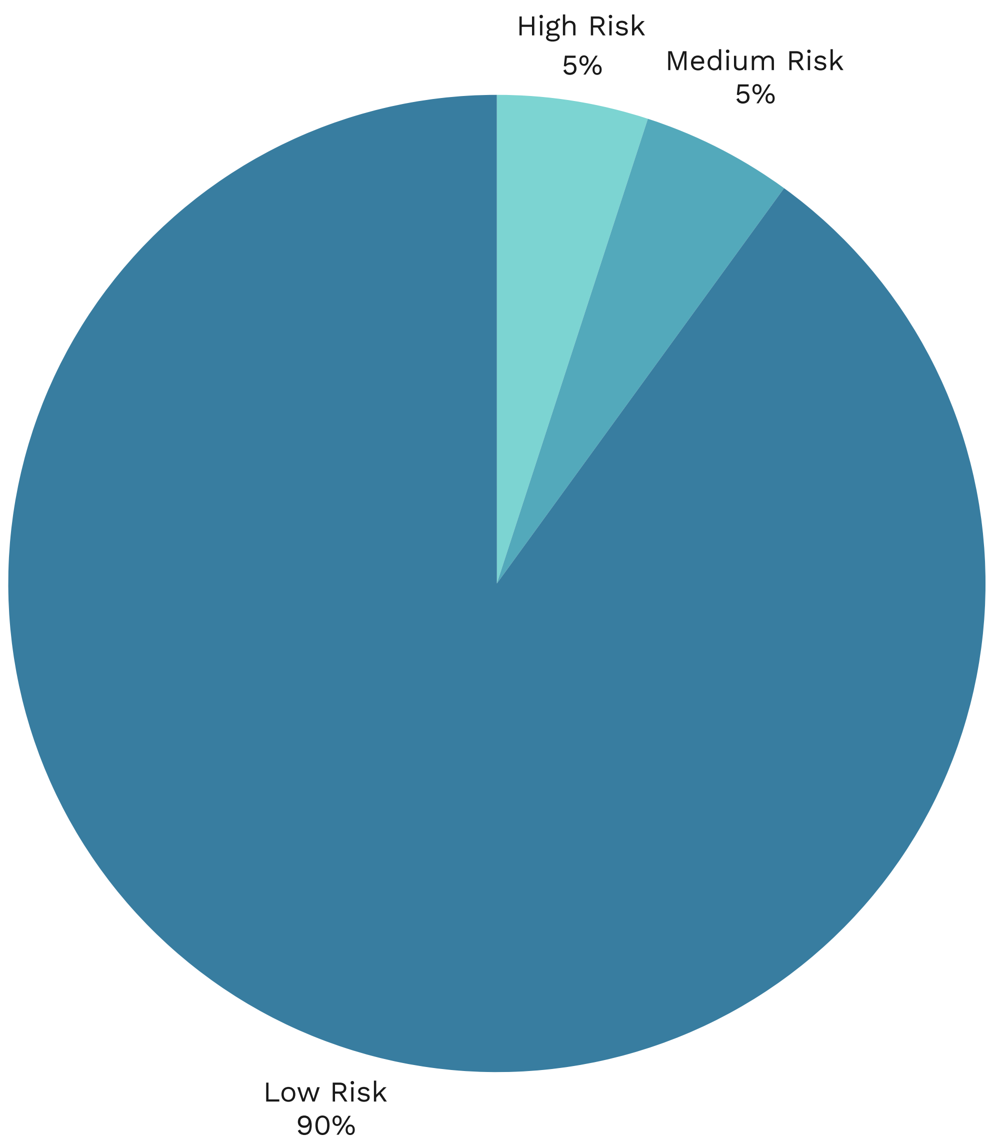
Top 20 Risk Rating: Overview

The pharmaceutical industry is characterised by a complex risk profile, with companies facing various challenges ranging from regulatory hurdles to market dynamics.

Based on industry analysis by Company Watch, 90% of pharmaceutical companies in the top 20 are classified as low risk, 5% as high risk, and 5% as medium risk.

This risk distribution reflects the overall stability and resilience of the pharmaceutical sector. The majority of companies falling into the low-risk category suggests that they have robust business models, diversified product portfolios, and strong financial positions. These companies are typically well-established, with proven track records in drug development, regulatory compliance, and market penetration.

Despite being classified as high risk, Oxford Biomedica (UK) Limited reported some of the highest sales in the industry, earning a spot in our top 20. However, strong sales figures do not necessarily equate to overall financial stability. Later in this report, we examine the underlying weaknesses that contribute to the company's high-risk rating and explore how it achieved such significant revenue despite these challenges.



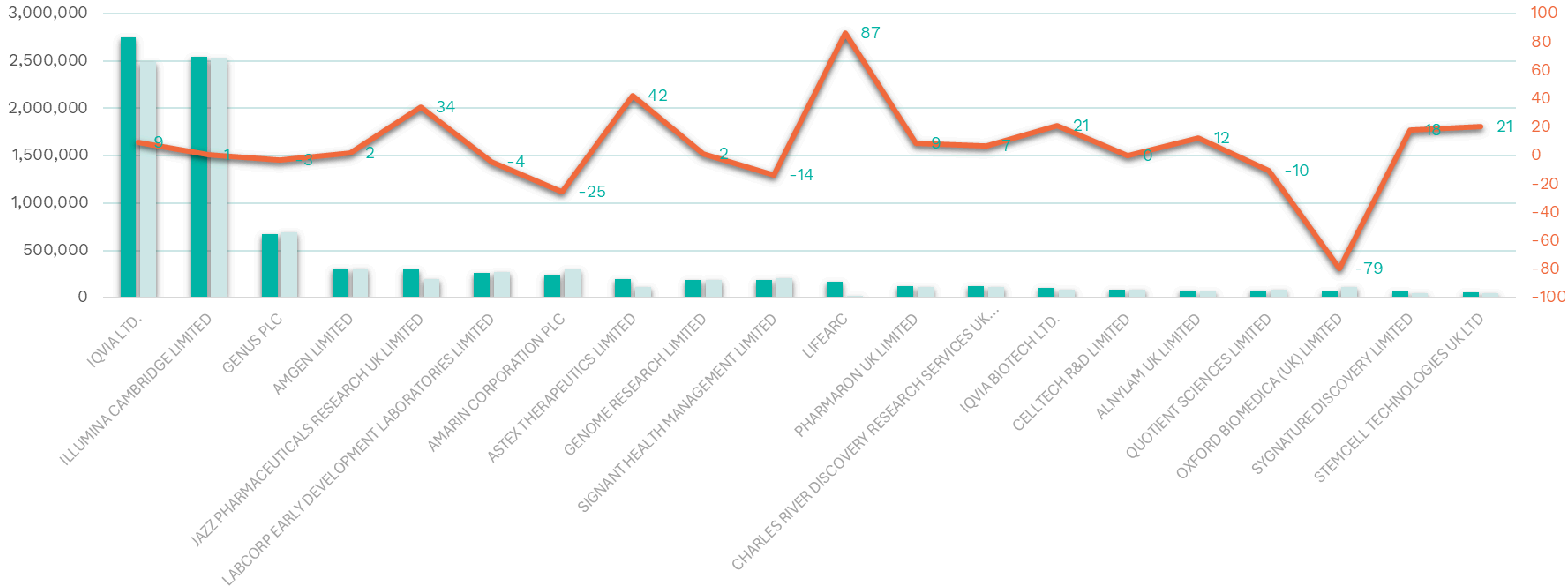
Total Sales Growth

The latest sales data revealed a total revenue of £8.6bn, representing a 6% increase compared to the previous period.

Profit Before Tax Growth

In terms of profitability, the industry showcased even more impressive results. The total profit before tax reached £1.56bn, a remarkable 53% increase compared to the previous period's profit of £731m. With this growth, the UK's biotech and pharmaceutical companies are well-positioned for continued success.

Sales Change %



Calculating the Top 20: Key Factors

H-Score®

The H-Score® is a metric developed by Company Watch to assess the overall financial health of a business. It scores companies on a scale of 0-100, with lower scores indicating higher financial risk.

PoD®

The Probability of Distress (PoD®) is a financial risk assessment tool developed by Company Watch that predicts the likelihood of a company experiencing financial distress within a specific timeframe.

TextScore®

TextScore® is a unique financial risk assessment tool developed by Company Watch that uses advanced machine learning techniques to analyse the text in financial reports of publicly listed and large private UK companies.

Combined Score

The H-Score® and TextScore® are weighted together to create a Combined Score, which is considered one of the most accurate predictors of company distress in the market. The exact weighting is determined by the industry sector in which the company operates.

Risk Rating

The Risk Rating places a company into one of ten risk categories, with 1 indicating the lowest Probability of Distress (PoD®) and 10 the highest. Each successive step in the Risk Rating scale indicates a doubling of the degree of risk.

High Risk

Companies with a H-Score of 25 or less fall into the ‘Warning Area’ and are showing similar traits to companies that have previously entered financial distress.

Low Risk

Companies with and H-Score between 26-100 are considered to be lower risk.

Top 20 Pharmaceutical Companies in the UK: By Sales

Rank	Company Name	H-Score®	TextScore®	PoD® (%)	Risk Rating	Annual Sales (£000s)
1	IQVIA Limited	88	84	0.22	1	2,752,678
2	Illumina Cambridge Limited	99	70	0.011	1	2,543,940
3	Genus PLC	53	64	3.1	5	668,800
4	Amgen Limited	69	39	1.4	3	310,896
5	Jazz Pharmaceuticals Research UK Ltd.	65	35	1.7	3	296,457
6	LabCorp Early Development Laboratories Ltd.	45	27	4.5	6	262,989
7	Amarin Corporation PLC	29	67	8.4	7	243,310
8	Astex Therapeutics Limited	99	25	0.011	1	202,456
9	Genome Research Limited	80	88	0.59	2	189,031
10	Signant Health Management Limited	78	78	0.73	2	185,326
11	LifeArc	100	96	0.011	1	169,579
12	Pharmaron UK Limited	74	79	1	2	125,445
13	Charles River Discovery Research Services UK	85	53	0.36	1	119,971
14	IQVIA Biotech Limited	97	67	0.019	1	108,865
15	Celltech R&D Limited	89	48	0.19	1	88,019
16	Alnylam UK Limited	99	66	0.011	1	75,751
17	Quotient Sciences Limited	78	22	0.7	2	74,270
18	Oxford Biomedica UK Limited	2	23	41.2	10	64,928
19	Sygnature Discovery Limited	56	39	2.7	4	63,891
20	Stemcell Technologies UK Limited	45	52	4.6	6	62,550

Top 20 Pharmaceutical Companies in the UK: By Profit

Rank	Company Name	H-Score®	TextScore®	PoD® (%)	Risk Rating	Profit Before Tax (PBT)
1	IQVIA Limited	88	84	0.22	1	582,166
2	Illumina Cambridge Limited	99	70	0.011	1	440,082
3	LifeArc	100	96	0.011	1	199,119
4	Astex Therapeutics Limited	99	25	0.011	1	136,566
5	Alnylam UK Limited	99	66	0.011	1	106,257
6	Jazz Pharmaceuticals Research UK Ltd.	65	35	1.7	3	61,607
7	IQVIA Biotech Limited	97	67	0.019	1	45,487
8	Signant Health Management Limited	78	78	0.73	2	39,676
9	Amgen Limited	69	39	1.4	3	22,769
10	Quotient Sciences Limited	78	22	0.7	2	12,614
11	Charles River Discovery Research Services UK	85	53	0.36	1	10,157
12	Pharmaron UK Limited	74	79	1	2	7,324
13	Genome Research Limited	80	88	0.59	2	3,462
14	Sygnature Discovery Limited	56	39	2.7	4	6,484
15	Genus PLC	53	64	3.1	5	5,500
16	Stemcell Technologies UK Limited	45	52	4.6	6	1,893
17	Celltech R&D Limited	89	48	0.19	1	1,402
18	LabCorp Early Development Laboratories Ltd.	45	27	4.5	6	-38,475
19	Amarin Corporation PLC	29	67	8.4	7	-41,281
20	Oxford Biomedica UK Limited	2	23	41.2	10	-49,981

Oxford Biomedica (UK) Limited

Oxford Biomedica (UK) Limited, a private limited company with share capital, operates in the biopharmaceutical sector, specialising in gene-based medicines and therapeutic vaccines. The company has been active since 1995 and is part of a larger group, with Oxford Biomedica PLC, a publicly quoted company, as its ultimate parent.

The company’s H-Score® is very weak, driven by several key factors.

Revenue Decline

Revenue from bioprocessing and commercial development activities fell by 45% to £58.2 million in 2023 (2022: £105.9 million). This was primarily due to the non-recurrence of revenues from the manufacturing of vaccine batches for AstraZeneca, which contributed over £40 million in 2022.

Cash Position

As of 31st December 2023, cash reserves stood at £99.9 million (2022: £101.9 million). This stability in cash levels indicates careful cash management amidst falling revenue.

Impairment of US Subsidiary

During the reporting period, an impairment trigger was identified in the Parent company's 80%-owned subsidiary, Oxford Biomedica (US) LLC. This was a result of the cash-generating unit (CGU) failing to meet revenue forecasts made at the time of acquisition.

The underperformance was largely due to Homology Medicines, the subsidiary's largest customer, giving notice that it would no longer pursue the development of its clinical products.

Following a comprehensive impairment assessment, a total impairment charge of £99.3 million ($126.4 million) was recognised as of 31st December 2023. This impairment was reflected in the Group’s financial statements.

As a direct consequence, Oxford Biomedica (UK) Limited impaired an intercompany receivable of £10.3 million owed by the US subsidiary.

Negative Working Capital

The company is operating with negative working capital, where current liabilities exceed current assets.

Negative Net Worth

The company’s liabilities exceed its total assets, reflecting negative equity.

Significant Long-Term Liabilities

The largest long-term liability on the balance sheet is an intercompany loan payable of £302.1 million.

The company’s financial position has been significantly impacted by declining revenues and impairments linked to its US subsidiary. While the company retains a stable cash balance, its negative working capital, negative net worth, and reliance on intercompany loans highlight ongoing financial vulnerabilities.

Signant Health Management Limited

Signant Health Management Limited, a private limited company with share capital, operates in the biotechnology sector, specialising in research and experimental development.

The company has been active since 2014 and is part of a larger group. It focuses on cell and gene therapy, particularly viral vector manufacturing, and has positioned itself as a contract development and manufacturing organisation (CDMO) for gene therapies.

Signant Health Management Limited's registered office is located in Reading, Berkshire, and it has an estimated enterprise value of £491.5m based on a turnover of £185.3m.

The company’s H-Score® and TextScore® (both 78) reflect its solid financial position, supported by an increase in total assets by £43.85M (+9%) to £545.57M and net assets rising by £35.22M (+15%) to £276.87M. These scores also benefit from improved debt management, with the debt ratio decreasing by 2.58% to 49%. Additionally, the company has strengthened its workforce, growing employee numbers by 82% to 226, which could indicate operational expansion and investment in its core services, such as clinical trial technology and data solutions.

The probability of distress, at 0.73%, is notably low, suggesting that the company is unlikely to experience financial difficulties in the short term.

This low probability may be attributed to its strong cash reserves of £15.17M and its position as a leader in the e-Clinical solutions market, which has seen increasing demand for patient-centric technologies in clinical trials.

Despite a turnover decline of £25.19M (-12%) to £185.33M, the company's robust asset base and strategic focus on innovative solutions likely mitigate distress risks.

The overall Risk Rating of 2 reflects a low-risk profile for Signant Health Management Limited. This rating is likely influenced by its strong financial metrics, operational growth, and leadership changes, such as the recent appointment of Krishna Maridi as CFO in December 2024, which signals a focus on financial stewardship.

Moreover, the company's role in advancing digital transformation within clinical trials positions it well in a competitive and growing market.

Signant Health Management Limited demonstrates strong financial performance, with an operating margin of 24%, significantly outperforming the industry average of -8.7%.

This impressive profitability places the company among the top performers in the pharmaceutical sector.

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