AstraZeneca faces revenue hit as Covid-19 vaccine demand falls

AstraZeneca has admitted revenues from its Covid-19 vaccine could fall by as much as a quarter this year as demand drops off for the product.

The Anglo-Swedish pharmaceuticals giant said income from sales of Vaxzevria, or the Oxford/AstraZeneca vaccine as its more commonly known, is expected to decline later this year as the severity of coronavirus strains wanes.

Sales of the vaccine increased fourfold in the first quarter of the year to more than $1.1 billion (£876 million). However, in Europe sales were down by 40%.

Group revenue totalled $11.3 billion (£9 billion) in the first three months of the year, rising by more than 50%. Cancer treatments accounted for $1 billion (£802 million) of growth.

Pascal Soriot, CEO of AstraZeneca, said: “Our Oncology medicines delivered product sales growth of 18%, despite COVID-19 continuing to impact cancer diagnosis and treatment.”

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Separately, the company today announced plans to open a new research and development centre in Boston, Massachusetts. The site is scheduled for completion in 2026 and will be a stone's throw from world leading universities MIT and Harvard. The new site will also house the headquarters of Alexion, the Boston-based rare disease specialist AstraZeneca acquired for $39 billion last year.

Soriot saidd: "Our investments in pioneering science give us confidence of further advances in the years to come."

AstraZeneca didn't say how much the new R&D centre will cost it. By the end of 2021, the pharmaceutical giant carried $31.5 billion (£25 billion) of debt, up from $22 billion (£17.5 billion) the previous year.

"We're slightly concerned that the group could be overshooting just how difficult it will be to dig itself out from under its mounting debt pile," said Laura Hoy, equity analyst at Hargreaves Lansdown.

"The group announced plans to build a new research and development centre alongside results. This will only increase the ballooning demands on the group's cash."

Shares dropped 126p to 10,436p.