Thomas A. Tóth von Kiskér – CEO, Tillotts Pharma AG



Success at Tillotts is built through continuous dedication, speed, and a shared entrepreneurial spirit, that is part of the DNA of our 400 employees in Europe

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This interview explores the transformative journey of Tillotts Pharma under the leadership of CEO Thomas Tóth von Kiskér, who has guided the company from a small team in 1996 to a global player with a focus on in-house R&D, strategic M&A, and a commitment to patient-centric innovation. Priorities for continued growth include expanding their global reach and enhancing their in-house pipeline.

Reflecting on your 28-year journey at Tillotts Pharma AG, how has the company evolved, and what pivotal moments have shaped its transformation under your leadership?

My journey with Tillotts began in 1996, at a time when we were a modest team of 28 employees generating just around CHF 6 million in revenue. Fast forward to today, and we have grown to a dynamic workforce of 400 employees, with our revenues soaring to approximately 300 million. This remarkable evolution has been driven by a steadfast commitment to our entrepreneurial culture, which has remained the core of our identity throughout the years. I assumed the role of CEO at the end of 2007, but a defining milestone in our growth trajectory took place in 1999 when we executed a management buyout. At that time, Tillotts separated from Medeva, which later evolved into Celltech and then UCB. Through this buyout, we acquired key assets, most notably our flagship product, Asacol. This strategic move not only preserved our independence but enabled us to increase the value of the company by more than 100-fold over the following decade, culminating in

a successful sale to our licensees in Japan, Zeria Pharmaceuticals Co. Ltd in 2009.

In the early years, Tillotts operated by distributing its our products through a global network of partners who managed promotion and sales. However, upon becoming CEO, I recognized the need for us to exert greater control over our own product portfolio to drive sustained growth. This led to a strategic pivot in 2008, when we made the decision to establish our own affiliates across Europe. Our goal was ambitious: to cover key European markets by 2020, which we achieved by building a network of eight affiliates serving 24 markets across Europe. This shift not only strengthened our financial situation, but also was a pre-condition to accelerate Tillotts' growth through an uncompromising M&A strategy, enriching Tillotts' product portfolio. Despite this focus on direct market engagement, we continue to collaborate with distributors in select regions, such as parts of Asia, including Taiwan and South Korea, as well as in the Middle East, notably Saudi Arabia. However, today, approximately 90% of the company's revenue is generated by our affiliates. This transformation underscores the significant value of managing our own product promotion and distribution, ensuring a closer connection with our markets and enhancing our growth potential.

How has Tillotts Pharma AG balanced in-house R&D, M&A, and geographic expansion to drive its growth, and what have been the key factors behind this success?

Tillotts' growth has always been fueled by a carefully balanced approach, combining innovative in-house research and development (R&D), patient-focused strategies, and strategic expansion, alongside mergers and acquisitions (M&A). Our R&D efforts have consistently produced new products, and our deep commitment to placing patients and healthcare professionals at the center of our initiatives has earned us considerable recognition which led eventually to higher market shares. A prime example is our flagship product in the gastrointestinal therapy area, known under different names in the UK and Canada. Launched in the UK nearly 40 years ago, it continues to grow thanks to new formulations and the goal of Tillotts Pharma UK to be the preferred partner in GI health with a market-leading portfolio and reputation. This goal has resulted in a close collaborative partnership between Tillotts and HCPs to enhance services and education, all with the patient front of mind.

Geographic expansion has further strengthened our market presence, but M&A has become a particularly significant growth driver in recent years. A standout example is our acquisition of a product from Astellas at the end 2020. Being part of a Japanese group paved the way for our discussions with Astellas understanding their business culture and meeting their expectations. This

acquisition was a natural fit, allowing us to integrate a culturally aligned and complementary asset. While M&A is typically the domain of larger pharmaceutical companies due to the needed expertise as well its high price tag, we have cultivated a unique know-how in leveraging acquired assets—a skill rooted in our experience with the 1999 management buyout. The already well-established product acquired had previously been generating less than 30 million euros annually in Europe; under our stewardship, its revenue has more than quadrupled within four years. This achievement exemplifies our capability to unlock the full potential of both in-house developments and acquisitions, reflecting our strategic acumen and multifaceted growth model.

How has Tillotts Pharma navigated the challenges of M&A to build a strong capability typically dominated by larger firms?

Our approach to M&A is rooted in persistence, expertise, and strategic foresight. Our Corporate Development team consists of specialists deeply experienced in M&A, yet the current market is characterized by a scarcity of opportunities, making traditional, passive approaches ineffective. While we collaborate with investment banks who understand our strategic focus and inform us of relevant prospects, true success in M&A requires relentless effort and proactive engagement. We consistently knock on doors, often facing rejection, and return repeatedly until opportunities open. This persistence is essential, especially in a market where deals rarely present themselves easily.

Our strategy also relies on comprehensive data analysis. We have meticulously evaluated tens of thousands of products across therapeutic areas to identify a select few that align with our strategic objectives. Even when potential assets meet our criteria, they are rarely for sale, necessitating direct engagement with companies to explore divestment possibilities. Our acquisitions from AstraZeneca and Astellas illustrate this process—neither deal materialized quickly, but through sustained effort and dialogue, we ultimately reached agreements.

A key factor in our success as a mid-sized company is our agility and the trust placed in us by our board, which includes Japanese and European members. This trust enables us to move swiftly when opportunities arise, bypassing the lengthy approval processes that often hinder larger organizations. Our proven track record has earned this confidence, as evidenced by our consistent double-digit growth, with a compound annual growth rate exceeding 13% over the past four years. This combination of diligence, strategic focus, and earned trust underpins our achievements in M&A and drives our continued success in a highly competitive field.

What factors have been critical to Tillotts Pharma's success with acquisitions, and how do you sustain this growth?

Our success with acquisitions can best be described as following a precise "recipe" that blends multiple critical ingredients. It begins with a highly skilled and well-connected M&A team. This team, supported by external advisors such as investment banks and boutique firms, excels at identifying undervalued or underutilized assets within the pharmaceutical landscape. Engaging in discussions with target companies, securing negotiations, and closing deals requires more than expertise; it demands speed, calculated risk-taking, and the financial resources to support such high-stakes ventures, given that acquisition multiples often range from three to four times annual sales.

However, completing a deal is only the first step. The true measure of success lies in the speed and efficacy of integration. According to industry studies (Statista 2021), a large percentage of M&A transactions—over 40%—fail due to ineffective integration. At Tillotts, we prioritize rapid integration to capture value and quickly adapt our organizational structure accordingly. This swift pace is supported by a corporate culture rooted in entrepreneurial spirit. Our employees embrace change, adapt quickly, and view new opportunities as challenges to be seized rather than resisted. This mindset is deeply embedded throughout the company and is vital to our ability not only to extract maximum value from acquired assets, but also to be successful in an extremely dynamic, disruptive environment.

Equally important is the cultivation of professionals that aligns with our dynamic culture. Recruiting, developing, and retaining employees with a positive, adaptable mindset is crucial, as skills can be taught, but attitudes are far harder to change. When individuals do not align with our fast-paced, responsibility-driven culture, we address such situations swiftly to preserve the collaborative and ambitious atmosphere that drives our success.

How has Tillotts Pharma expanded its portfolio beyond gastroenterology, and what are the strategic focus areas for future growth?

As a mid-sized company, it is imperative for us to maintain a clear focus and prioritize areas where we can make a meaningful impact. We cannot compete across every therapeutic area, nor can we cultivate authentic relationships with healthcare professionals without a targeted approach. Historically, our strength has been in gastroenterology, with our flagship product serving as a cornerstone of our growth, contributing 50% of our revenue and continuing to grow—a remarkable

achievement for a product that has been on the market for nearly four decades. This was further solidified with the acquisition of a product from AstraZeneca in 2015, reinforcing our position in IBD.

Our evolution into other therapeutic areas has been deliberate and strategic. Our first significant step beyond gastroenterology was in infectious diseases, marked by the acquisition of Astellas' treatment for Clostridioides difficile infections (CDI). This expansion required us to engage directly with hospital-based physicians and adapt to a new therapeutic environment. This made it necessary to not only keep the focus on already established relations with the gastroenterology community but to expand our energy on multiple hospital specialties including infectiologists and antimicrobial stewardship groups. As mentioned, the success of this transition speaks for itself; within a short period, we were able to quadruple sales, underscoring our ability to understand the needs of healthcare professionals (HCPs) and to integrate and maximize new assets effectively.

Looking forward, our strategic focus remains on three key areas: gastroenterology, infectious diseases, and hospital-based specialty products. Within these parameters, we are open to pursuing opportunities in rare diseases, dermatology, women's health, hepatology, endocrinology, urology and other therapeutic areas, provided they align with our strategic goals and present a compelling business case. While our initial focus was narrower due to market realities and our established expertise, we now possess the confidence, skills, and operational capabilities to explore a broader range of opportunities. If a product fits our strategic framework and offers the potential for meaningful growth, we are prepared to analyze it thoroughly and, if appropriate, bring it into our portfolio with the same dedication and precision that have defined our previous successes.

What qualities do you seek in potential partners, and how does Tillotts Pharma approach global expansion?

We are open to exploring global opportunities. Currently, our presence extends across 65 markets, and our strategy emphasizes worldwide expansion excluding the U.S. Our strongest areas are Europe, the Middle East, Asia, and Canada, where we have established deep market expertise.

In Europe, our network of eight affiliates has been a critical driver of growth, providing a direct presence and robust market coverage. While our European footprint is well established, we remain committed to expanding strategically. Our next affiliate is already in the planning stages and will be located outside of Europe, which will represent a significant market expansion for us. This move reflects our ongoing strategy to repatriate strategically important former distribution markets.

Direct market presence through affiliates ensures that we retain full control over commercial strategies, assuring that we put patients and the HCPs at the centre of our activities. This approach has been a cornerstone of our success, enabling us to leverage acquisitions more effectively and drive sustainable growth.

What unique challenges and opportunities does Tillotts Pharma face as a mid-sized pharmaceutical company compared to larger players in the industry?

Operating as a mid-sized company offers both distinct challenges and valuable advantages, setting us apart from large pharmaceutical organizations. The working culture in a mid-sized environment fosters a strong sense of entrepreneurship and hands-on involvement. Unlike in large corporations, where project management often involves delegating tasks and supervising from a distance, our international as well as interdisciplinary team members actively engage in every aspect of a project. This direct involvement requires a blend of specialized expertise and an adaptable, proactive mindset, ensuring we are nimble and responsive to emerging opportunities and challenges.

One of the primary advantages of our size is the tangible impact each employee can make. In large organizations, individual contributions may be less visible, often diluted among thousands of employees. At Tillotts, every team member leaves a distinct footprint on the business, knowing their efforts directly impact our success. This heightened sense of accountability and ownership fosters a culture of transparency and recognition, where exceptional performance is acknowledged and rewarded. I have the privilege of seeing firsthand the outstanding work our people accomplish, and being able to personally recognize and commend their efforts strengthens our collective motivation and drive.

This dynamic environment is what makes working at a mid-sized company so fulfilling. For me personally, the opportunity to make meaningful contributions each day is a powerful motivator. The balance between professional impact and work-life flexibility is equally important. We prioritize maintaining a healthy work-life balance, avoiding rigid corporate structures such as mandatory video calls at inopportune hours, and instead focusing on creating a supportive, rewarding atmosphere. This combination of meaningful work, recognition, and flexibility not only drives our success but also makes each day professionally satisfying.

How does Tillotts Pharma attract and retain top talent while differentiating itself from industry giants?

At the headquarters of Tillotts Pharma, we view the Swiss healthcare ecosystem as a thriving pool of expertise. Our ability to attract, retain and develop experts is rooted in a unique company culture that appeals to individuals eager to work in a dynamic and agile environment. Success at Tillotts is built through hard work and a proactive, positive work attitude, and we seek people ready to embrace these values. Many professionals often reflect on whether their efforts are truly valued, whether they are recognized and trusted by their leadership, and whether their workplace culture fosters genuine transparency. At Tillotts, these principles are at the heart of what we do. We cultivate an environment where mistakes are seen as opportunities for learning and growth rather than reasons for reprimand. This supportive culture encourages employees to take initiative, learn from missteps, and continuously improve.

Unlike some organizations that focus solely on “talents” as abstract entities, we prioritize finding individuals who align with our core values and who fit within our culture. Flexibility is key to our approach—our employees are often empowered to take on multi-functional roles and have the freedom to innovate without being constrained by rigid processes. This culture of trust and adaptability drives motivation, enabling our people to grow and make a tangible impact on the company’s success. In contrast to large corporations where processes can become overly bureaucratic, we offer a supportive environment that balances structure with the freedom to explore and excel.

Our commitment to flexibility extends to fostering an inclusive and supportive workplace. Women make up 60% of our workforce, many of whom are at stages in their lives where family commitments are significant. We provide flexible arrangements to accommodate these needs, including phased re-entry after maternity leave. This allows individuals to gradually reintegrate into their roles and strike a balance between their professional and personal lives. Such measures reflect our belief that people thrive when they are given the opportunity to grow on their own terms, with the trust and support they need to succeed.

As Tillotts Pharma looks to the future, what are your key priorities for growth and development, and how do you plan to sustain your momentum?

Our focus is on achieving sustainable and healthy growth, ensuring that both our people and operational systems can adapt effectively. Growth must be meaningful, not just for its own sake; it

requires constant refinement of processes, organizational structures, and internal efficiencies. Following a period of rapid expansion, we also need time to consolidate and to “digest” the growth, and to assess as well as optimize our operations to ensure they remain fit for our evolving needs. Nevertheless, the foundations we have laid give us confidence in continuing along a growth trajectory.

External influences such as geopolitical dynamics, interest rates impacting M&A financing, and currency fluctuations—particularly regarding the Euro and British pound—are beyond our control but can significantly affect our performance. Assuming a positive geopolitical as well as stable macroeconomic environment, our outlook remains optimistic. One key focus is ensuring a reliable supply chain, shifting certain manufacturing back to Europe for greater reliability. While this incurs higher costs, we believe it is a strategic investment in stability and hope for appropriate governmental incentives to support local production efforts.

Looking ahead, we intend to expand our network of affiliates outside Europe, with strategic value and contributions to our top and bottom lines guiding these decisions. Another major initiative is the substantial expansion of our in-house pipeline, a commitment backed by our board and our parent company in Japan. This investment will yield new products that enrich our portfolio over the mid-term. Our approach remains patient-centric, whether a product originates internally or through acquisitions, as long as it offers valuable solutions to HCPs and patients.

In the coming years, we anticipate introducing new flagship products that can grow as rapidly and successfully as our asset acquired from Astellas. Our goal is to identify and nurture promising innovations, transforming them into market leaders that meet critical healthcare needs, further solidifying our position and commitment to meaningful growth.

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