



**IRONVINE**  
CAPITAL PARTNERS, LLC

## Investor Day

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## Our Aim

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- Own a curated collection of outstanding businesses
- Run by honest and talented managers / owners
- Purchased at reasonable prices
- Let them compound

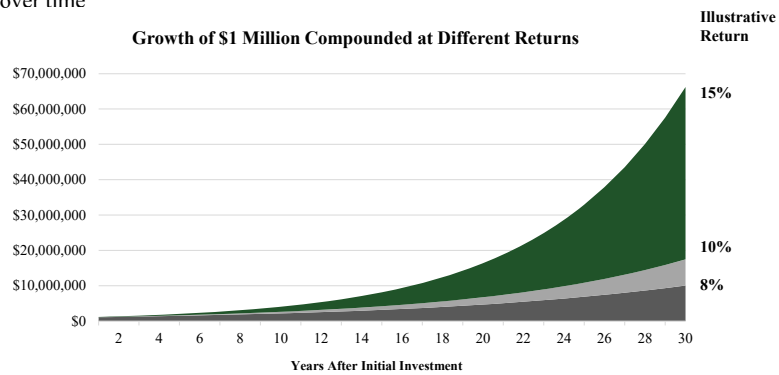


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## The Power of Compounding

- The power of compound interest is simple, but often dismissed as unattainable
- Our role is to make it attainable by building a portfolio that can be held through all types of market environments
- To capture the power of compound interest the investment approach must be scalable over time



The above is meant to be an illustration of the power of long-term compounding and is in no way an estimate of expected future returns



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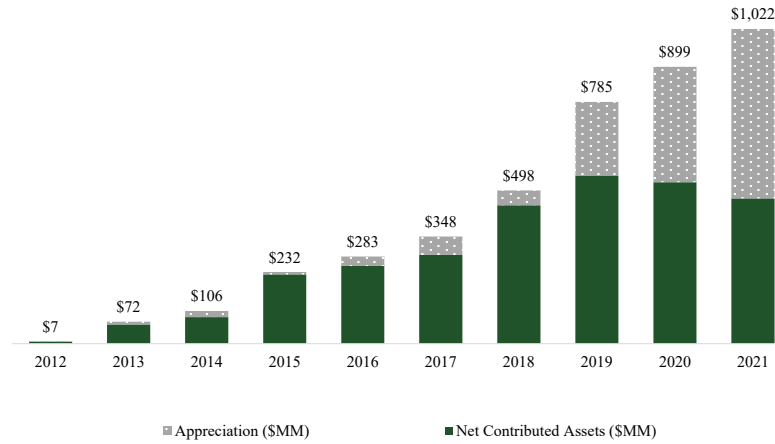


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## Assets Under Management

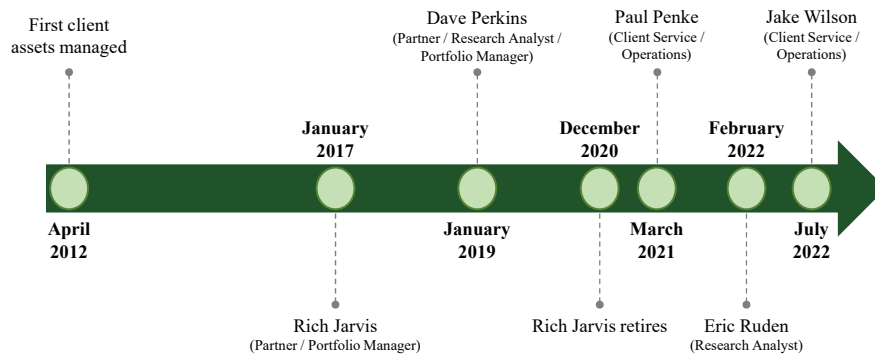


Note: Saddle Road Partners merged with Ironvine Capital Partners in January 2017. Data prior to 2017 represents the combined firms' AUM



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## Personnel Timeline









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## IVCP Durability Ranking System

	Best ←————→ Worst						
	1	2	3	4	5	6	Ironvine Average
Competitive Positioning							1.5
Capital Efficiency							2.0
Cyclicality							2.0
Financial Strength							2.0
Growth Opportunity							2.5
Stewardship							2.0

## Defining Durability

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What we look for...

- Provides the “plumbing” necessary for day-to-day life / activity
- Need for consistency / quality makes switching impractical / unnecessary
- User receives fair to disproportionate value incenting further / wider adoption
- Change is evolutionary—not revolutionary—and enabled by our tools / platforms
- The business must weather downturns well...
- ...enabling management to consistently think about offense when deploying capital



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## Non-durable

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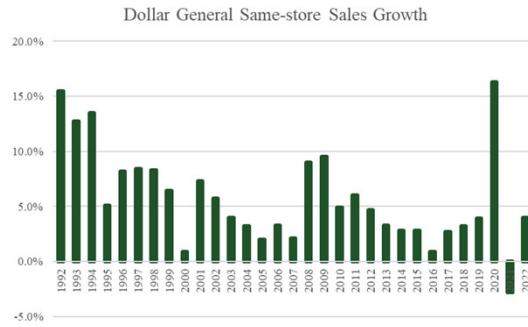
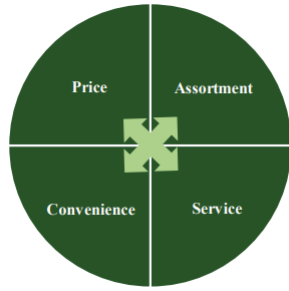
What we aim to avoid...

- Highly discretionary, less essential products / services
- Customers can and do switch back and forth between product / services given commoditized nature and/or ease of switching
- Industry / competitive landscape is constantly shifting
- Business creates reasons for customers to look elsewhere or consider discontinuing relationship
- Highly cyclical industries where downturns consistently cause retrenching



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## Low Price Consumer Conduits

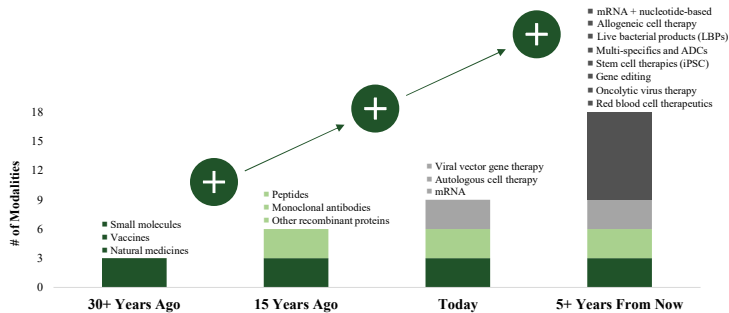


Source: Bernstein Research, company filings, IVCP estimates



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## Precision Instruments / Manufacturing



Source: Catalent



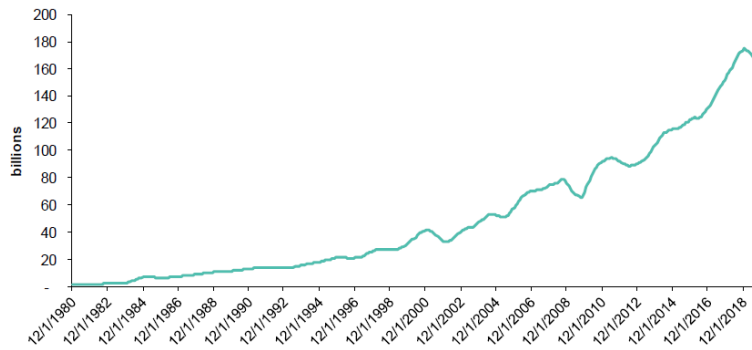
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## Niche Components

**HEICO**



Total Analog Units Shipped TTM: Dec 1980 - 2019



Source: Bernstein Research



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## Standards, Industry Benchmarks, & Data

**AON** **MOODY'S**  **CoStar Group** **S&P Global**

*“There are very few businesses that have the competitive position that Moody’s and S&P have...It’s a natural duopoly to some extent...where anybody coming in and offering to cut their price in half has no chance of success. That’s the nature of the ratings business and it’s a naturally obtained one. I mean, it’s assisted by the fact that the two of them became the standard for regulators...It’s been assisted by the governmental actions over time. But it’s a natural duopoly.”*



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## Mission Critical Software



### Office 365 Case Study: Ironvine Capital

#### User Perspective

- Office 365 E3 for Enterprise: Six seats
- \$36/month per seat -- Annual cost of \$2,600
- Productivity suite -- Excel, OneNote, Outlook, Word, PowerPoint, Teams
- Serverless network architecture built on Microsoft's Cloud
- Core security and compliance capabilities
- Use anywhere on any device

#### Microsoft Perspective

- Subscription model with recurring revenue
- SaaS enables collaboration + insights into usage patterns allowing for continuous product updates while lessening piracy / version skipping
- Constantly improving product increases switching costs and pricing power
- Unparalleled lifetime customer value

O365: A fraction of IVCP's operating costs yet critical to our ability to operate



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## The "On Deck" Circle

- Vertical Software
- Semiconductor Production
- Advertising Platforms
- Domestic Freight Transportation
- Precision Instrumentation / Consumables
- Data Providers / Exchanges

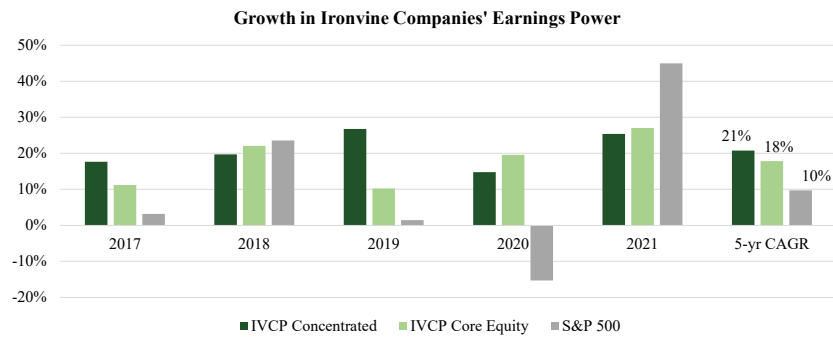


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## Earnings Power Drives Business Value

- Over a long time horizon a company's value grows at roughly the rate of change of its earnings power. The same holds for a portfolio of companies
- Not all earnings / cash flow streams are created equal
- *Durable* growth in earnings / free cash flow per share is the most sustainable way to create value and the primary means by which we expect to compound capital over time



Source: FactSet Data Research; IVCP estimates



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Investor Day

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