

Is Private Education the Greatest Equalizer or Elite Enclave

One thing is for sure, from ages 7-18, parents are legally obligated to send their children to school for formal education. We are also familiar with the famous words of Nelson Mandela, “Education is the most powerful weapon which you can use to change the world”. But what happens when the state falls short on delivering said powerful weapon? In walks the private sector who are ready to step in and deliver where the state cannot. Curro (recently delisted from the JSE), ADvTECH and Stadio saw this gap and have capitalised on it. For context, Curro and ADvTECH operate in the basic education sector, while ADvTECH also has exposure to tertiary education alongside Stadio. In this article, I touch on how capitalising on this gap fared for these three big private education-offering companies.



Itumeleng Molete

As the government continues to fail to provide acceptable basic education, parents are now opting for private education where they know their children will receive quality education.

Quality education is not just an advanced curriculum, it also refers to class sizes, a niche curriculum, use of technology and the depth and diversity of sports and cultural activities. For instance, Curro has an average learner/teacher ratio of 17.2 and ADvTECH has a learner app that tracks the progress of students and flags when a student is struggling with a certain concept or does not have the same level of understanding as their fellow students. This is

PERFORMANCE: MATRIC PASS RATE 2024

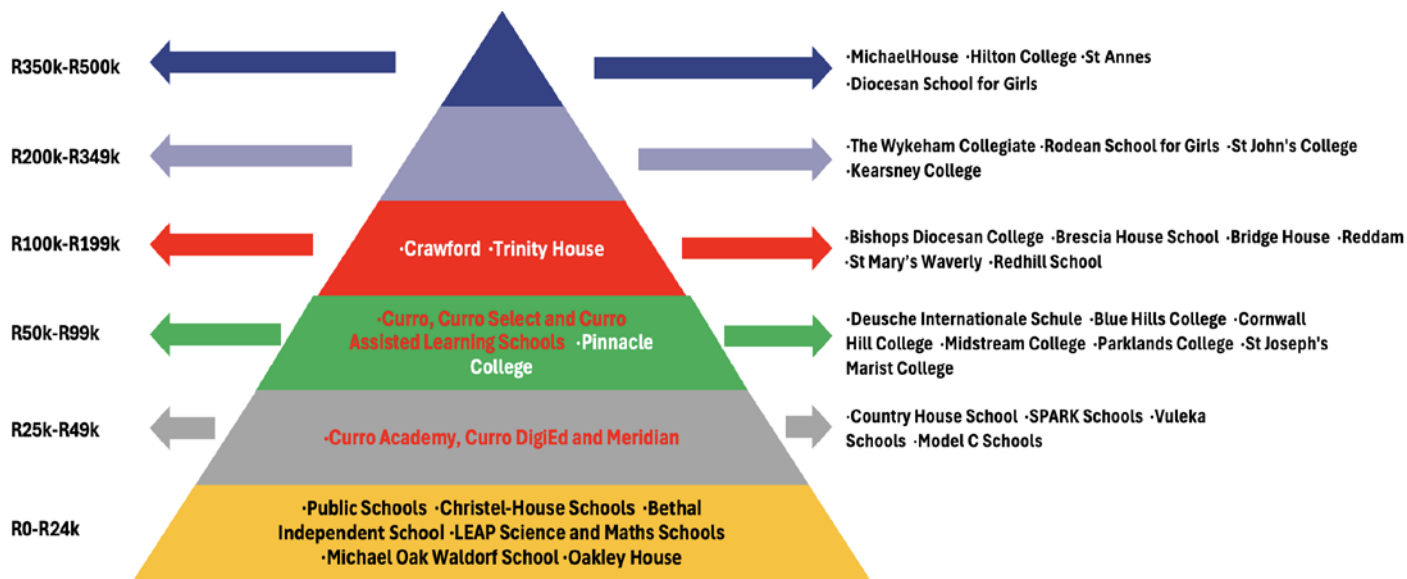
Curriculum	Public	Curro	ADvTECH
NSC	87.3%	95.5%	-
<i>University exemption</i>	47.8%	63%	
IEB	-	99.0%	99.4%
<i>University exemption</i>		85%	90%
Cambridge	-	79.4%	100%
<i>University exemption</i>		61.5%	100%

Private schools like Curro and ADvTECH consistently outperform public schools, with pass rates exceeding 95% and above average university exemptions which is evidence of their quality edge.

SPEED READ

- **Superior performance of private schools:** private institutions like Curro (95.5% NSC pass rate, 63% university exemption) and ADvTECH (99.4% IEB pass rate, 100% Cambridge pass rate) far outperform public schools (87.3% NSC pass rate, 47.8% university exemption), offering smaller classes, tech tools, niche curricula, and enriched extracurriculars amid government failures.
- **Rapid market growth:** private basic education’s market share rose from 3.5% in 2000 to over 10% by 2024, driven by parental demand. Though affordability remains a challenge with fees ranging from R36,000 – R500,000, parents view it as a long-term investment.
- **Curro’s challenges and strategy:** As South Africa’s largest private school provider (189 schools, 71,749 students), Curro faces excess capacity from past expansions in low-income areas, leading to a 1.4% enrollment dip but 5% revenue growth. Its focus now is on filling seats without cutting fees.
- **ADvTECH’s basic education edge:** operating across Africa with IEB and Cambridge curricula, it saw 28% revenue growth in Rest of Africa from 14% enrollment growth, but South Africa slowed to 1.4% growth, shifting to early-year repositioning for better high school feeders.
- **Boom in private tertiary:** enrollments have accelerated as students prefer state-of-the-art facilities offered at private institutions (e.g., ADvTECH’s VR facilities, Stadio’s 84% CTA pass rate). Both are pursuing university status for credibility, with ADvTECH expanding to PhDs and a new Durban campus, despite some headwinds like Stadio’s AFDA issues.

SCHOOL PRICING TIERS



Curro (in red) targets mid-low-income households whereas, ADvTECH (in white) targets mid-upper income households. Many of the schools in the Natal Midlands, such as Michaelhouse, Hilton College, and St Annes, and St. John's College in Johannesburg, target upper income households.

where the state fails – you find classrooms of +35 students where teachers struggle to keep track of learner progress and understanding, outdated curricula, whilst extracurricular activities are an afterthought.

In 2000, private education held 3.5% of market share. By 2018, this had increased to 4.6%. Between 2018 and 2024, it doubled to more than 10% - an increase of 5.4% in just six years. By contrast, it took the sector 18 years (2000 - 2018) to grow market share by 1%. This suggests that more parents are gravitating towards private education.

However, the major challenge that parents face with private education is affordability. To give colour to the picture, Curro school fees range from approximately R36,000 – R150,000 and ADvTECH between R63,000 – R200,000. For middle income households, this is an exorbitant amount of money. But even at these elevated fee levels, many parents prioritise education above other discretionary expenses, choosing to reallocate their budgets accordingly. For them, the trade-off is worthwhile, as they view spending on their children's education as a long-term investment rather than a cost.

Curro

Curro is a direct competitor of public schools, offering

an NSC curriculum, IEB as well as Cambridge. It is the biggest private education provider in South Africa - with 189 schools across Southern Africa (South Africa: 180, Botswana: 1, and Namibia: 8) and 71 749 students enrolled (as at 30 June 2025). Although the number of enrolled students declined by 1.4% - not a steep decline given the economic landscape and pressures that parents were faced with, it still managed to grow revenue by 5%.

A key headwind for Curro is the aggressive capacity expansion it undertook between 2012 and 2019, during which it built and acquired schools across the country. As a result, the group is now stuck in the J-curve and are focusing on filling excess capacity to achieve economies of scale. This challenge is compounded by the fact that some of these schools were established in areas predominantly populated by lower LSM households, where demand

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for higher-fee private education is more constrained, making it difficult to achieve targeted occupancy levels. Therefore, to fill capacity in these schools - so they can be profitable, they will either have to bring fees down (which is not going to fix the profitability issue) or scale the schools down.

ADvTECH

ADvTECH is the only basic education company listed on the JSE following Curro's delisting. It operates in South

Africa, Botswana, Kenya and Ethiopia; and offers the IEB and Cambridge curricula. It has a strong brand recognition in their Rest of Africa (ROA) business - where they raked in revenue growth of 28% due to a 14% enrolment growth rate. Their SA business saw a slowdown in enrolments with growth of 1.4% for 2026, where there are no new schools in the pipeline for the current financial year. This is strategic because management is focussing on early-year repositioning to rebuild a stronger feeder base into high school (which has been a problem area for them). This is putting pressure on volumes in the near term but improving earnings quality and subsequently, supporting sustainable margins.

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Tertiary: The Superstructure

Over the past 5 years, student enrolment growth in private higher education institutions has accelerated as students begin to look at these institutions as their first preference as opposed to public institutions. Personally, I see the appeal of opting to enrol into a private institution – in early March, I got to visit ADvTECH’s new Emeris-Vega mega campus in Sandton and the Stadio campus in Centurion, and I was highly impressed with what I saw. These campuses have state of the art facilities (to name a few, Emeris-Vega has facilities such as a Virtual Reality studio and a greenscreen room and Stadio uses MacBooks in their IT laboratories) in comparison to their state-owned counterparts. When these institutions attain their university status, which they are currently pursuing (pending changes to the law) they will become even more attractive to students than they currently are.

Their efforts to gain university status stem from a desire for their graduates to be evaluated on equal footing with those from public universities. While the curricula offered by private and public institutions are often comparable, graduates of private institutions are frequently overlooked in the job market, as their qualifications are not perceived to carry the same level of credibility as those from public universities.

ADvTECH Performance

ADvTECH’s tertiary division is its best performing division – it reported enrolment growth of 14% for FY25 and contributed 51% to Group operating profits. Because of its strong brand recognition in basic education and to address their misrepresentation of higher education in other African countries, their first tertiary institution outside SA has opened in Ghana (Rosebank International University

College) and has been well received with enrolments running ahead of targets. In their FY25 results, it was announced that a new Emeris mega campus in Durban is in the pipeline which will accommodate 10,500 students by 2035 – indicative of the high demand for private higher education.

Previously, ADvTECH offered qualifications up to honours level but in their pursuit of university status, they now offer qualifications up to PhD level. Being able to study towards a postgraduate qualification at the same institution where you obtained your undergraduate degree will be appealing to many students.

Stadio

Known for its offering of distance learning in postgraduate qualifications, Stadio is UNISA’s biggest private higher education competitor. It has over 53,000 students enrolled with 87% of the students enrolled for distance learning and the balance enrolled in contact learning. Management is currently focusing on their campus footprint in their quest to grow their contact learning offering presence - they are currently busy with the construction of a Durbanville campus where phase 1 has been completed, and phase 2 is scheduled to be completed in August. Through its impressive CTA results (84% pass rate), partnerships with SA Rugby (the Springboks) and brands such as Levi’s and MAC, Stadio is adding to its competitive advantage in contrast to public institutions. A headwind though, is the closure of Showmax and the rebate by government for the film industry which is hurting enrolment in their AFDA (film, television, performance and business innovation)



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business which contributes ~30% to Group margins.

The Supporting Pillars

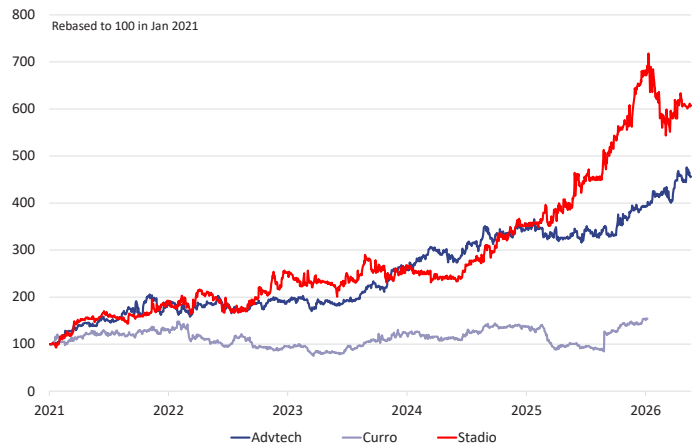
On a 5-year historic basis, ADvTECH has consistently traded at premium valuation multiples relative to peers (18x-25x Forward P/E), reflecting the market's confidence in its predictable cash generation and disciplined execution. Its dividend profile strengthened materially, with total dividends increasing from 31c per share in FY21 to 118c per share by FY25. Dividend yields have ranged between 2% and 4% despite steady share price appreciation. Stadio has also traded at elevated multiples (above 20x Forward P/E), and sometimes even higher than ADvTECH, despite lower absolute profitability. Stadio reported a DPS of 18.4c in FY25 as earnings and cash flows scaled rapidly. However, dividend yields remained modest because investors prioritised future growth over income generation.

By contrast, Curro traded at persistently discounted valuation multiples (between 8x-14x forward P/E) despite continued enrolment and revenue growth. The discount reflected investor concerns regarding the Group's capital-intensive campus roll-out strategy, weaker free cash flow conversion and higher debt requirements relative to ADvTECH and Stadio.

Conclusion: The Final Layer

Private education is no longer simply complementing the public system, it is actively replacing it for those who

HISTORIC SHARE PRICE PERFORMANCE



ADvTECH's share price has appreciated by 350% reflecting the market's view of it being a high-quality dependable stock. By contrast, Stadio is seen as a high growth stock with the share price appreciating by 500%. Curro's performance echoes sentiments of it being the industry laggard.

can afford to opt out. The growth trajectory is clear, the demand is undeniable, and the quality gap is widening. Yet, affordability and institutional recognition remain critical barriers. The sector's next phase will not be defined by expansion alone, but by its ability to become both accessible and credible at scale. Without that, private education risks entrenching inequality rather than solving it.

STADIO CAMPUS, DURBANVILLE



Stadio Durbanville campus will occupy 6 000 students upon completion



Our next seminar will be held in June. As usual, we will review the first six months of the year and update our outlook for the remaining six months.

Topic: 2026: The first six months

Natal Midlands

Date: 4 June 2026
 Venue: Christ Church Howick, 23 Mare Street, Howick
 Morning Time: 10am for 10.30am
 Evening Time: 5.30pm for 6pm

Johannesburg

Date: 9 June 2026
 Venue: Rosebank Union Church, Cnr Winne Mandela Drive and St Andrews Road, Hurlingham
 Time: 7am for 7.30am

Cape Town

Date: 11 June 2026
 Venue: Kelvin Grove Club, 144 Camp-ground Rd, Newlands, 7700
 Time: 7.30am
 Venue: Helderberg Village Lifestyle Estate, 63 Bakkerskloof Rd, Helderberg Village, Cape Town
 Time: 5.30pm for 6pm



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