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CoreCivic, Inc.

(CXW-NYSE)

CXW: Contracts For Two Reactivated Facilities, as Expected; Other Centers Also Being Reactivated Under Recent Contracts

CXW has been reactivating several idled facilities, including two under Letter Contracts with ICE. Yesterday CXW announced formal contracts for these facilities, as expected. Once both have ramped fully, CXW expects these contracts to produce combined annual revenue of almost \$200m. We believe this underscores CXW's longstanding role in supplying capacity and services to ICE, its largest government partner.

OUTLOOK

Yesterday CXW announced a new contract for the California City Immigration Processing Center. Once fully ramped – expected in 2Q26 - total annual revenue is expected to be ~\$130m. CXW also entered into a contract for its Leavenworth, Kansas facility. If/when a lawsuit filed by the City of Leavenworth is resolved and once the center is fully ramped, it is expected to produce ~\$60m in annual revenue. CXW is also in the process of reactivating the South Texas Family Residential Center in Dilley & its West Tennessee Detention Facility under recent contract awards.

Current Price (9/29/25) \$21.54
Valuation \$29.50

SUMMARY DATA

52-Week High \$24.99
52-Week Low \$12.24
One-Year Return (%) 73
Beta 0.81
Average Daily Volume (sh) 1,020,822

Shares Outstanding (mil) 109
Market Capitalization (\$mil) \$2,240
Short Interest Ratio (days) 2.6
Institutional Ownership (%) 81
Insider Ownership (%) 2

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates

Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS 21
P/E using 2024 EPS 27
P/E using 2025 Estimate 20

Risk Level
Type of Stock
Average, Mid-Value

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2022	453 A	457 A	464 A	471 A	1,845 A
2023	458 A	464 A	484 A	491A	1,897 A
2024	501 A	490 A	492 A	479 A	1,962 A
2025	489 A	538 A	551 E	555 E	2,133 E

Adj EPS / Loss per share

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2022	\$0.14 A	\$0.13 A	\$0.08 A	\$0.22 A	\$0.57 A
2023	\$0.13 A	\$0.12 A	\$0.14 A	\$0.23 A	\$0.61 A
2024	\$0.25 A	\$0.20 A	\$0.20 A	\$0.16 A	\$0.81 A
2025	\$0.23 A	\$0.36 A	\$0.23 E	\$0.28 E	\$1.10 E

Qs might not sum reflecting rounding

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NEW DEFINITIVE CONTRACTS SIGNED, WITH REACTIVATED CAPACITY COMING ONLINE

Reactivating idled facilities to add capacity to meet ICE's growing needs

CoreCivic (NYSE: CXW) has been in the process of reactivating several idled facilities, including two under Letter Contracts with ICE. Yesterday CXW announced formal contracts for these facilities, as expected. Once both facilities have ramped fully, CXW expects these contracts to produce combined annual revenue of almost \$200 million. We believe this underscores ICE's need for capacity and CXW's longstanding role in supplying capacity and services to ICE, its largest government partner. The company has a long history of providing capacity and related services to ICE, the federal government's highest funded law enforcement agency, according to the New York [Times](#), and other government partners.

Earlier this year, the company had entered into a Letter Contract with ICE to re-active the 2,560-bed **California City Immigration Processing Center**, effective April 1, 2025. Yesterday CXW announced a new formal contract for the California City Immigration Processing Center, with the transition from a Letter Contract to the definitive contract effective as of September 1, 2025. CXW intends to hire additional staff and ramp capacity during the activation period, which the company expects will be completed in 1Q26. Once fully ramped in 2Q26, total annual revenue is expected to be roughly \$130 million. The new contract expires in August 2027.

In addition, the company entered into a Letter Contract with ICE effective March 7, 2025, to re-activate the 1,033-bed **Midwest Regional Reception Center**. Activities have been paused by a lawsuit the City of Leavenworth filed alleging that a Special Use Permit (SUP) is required to operate the facility. CXW and ICE entered into a definitive contract for the Leavenworth, Kansas facility beginning on September 7, 2025, for a 24 month term. However, the temporary injunction is still in effect. If/when it is resolved, the agreement provides for a fixed monthly payment plus an incremental per diem payment based on detainee populations and annual revenue once the center is fully ramped is expected to be about \$60 million.

CXW is also in the process of reactivating other idled facilities. In March, the company started re-activating a facility operated previously in Dilley, Texas. Following expiration of an earlier contract, CXW entered into an amended intergovernmental services agreement (IGSA) with ICE and the City of Dilley, Texas to resume operations at the **South Texas Family Residential Center** in Dilley and care for up to 2,400 people. The amended contract runs through March 2030 and may be further extended. The company has also entered into a new lease agreement with Target Hospitality Corporation, which owns the facility. The agreement is expected to contribute about \$180 million in annual revenue to CXW once it is completely active.

Last month CXW announced that it has been awarded a new contract under an intergovernmental services agreement (IGSA) between the City of Mason, Tennessee, and ICE (U.S. Immigration and Customs Enforcement) to resume operations at its **West Tennessee Detention Facility** through August 2030 with an option to extend. The 600-bed facility has been idle since September 2021. The agreement provides for a fixed monthly payment plus an incremental per diem payment based on detainee populations. Once the facility is fully activated, it is expected to produce about \$30 million to \$35 million total annual revenue for CXW at margins that are consistent with the CoreCivic Safety segment. Full ramp is currently expected to be complete by the end of 1Q26. With this latest contract award, CXW has reactivated four idle facilities containing an aggregate roughly 6,600 beds, and made more than 1,000 additional detention beds available to ICE. The company previously indicated that it was in discussion to re-activate other idled facilities, in addition to four announced earlier, reflecting the additional capacity required by ICE.

VALUATION

Momentum continues

Reflecting the cost and other efficiencies CXW can deliver and longstanding relationship with ICE, we believe CXW remains well positioned for new and expanded agreements with ICE and other partners. We believe possible alternative solutions for ICE such as *Alligator Alcatraz* pose headline risk and could possibly constrain CXW share price multiple in the short-term.

Applying a multiple of about 14x to our revised 2025 normalized FFO estimate – CXW shares have historically traded at an average multiple of about 13-14x this metric – and adjusting upward about 8% for the possibility that adjusted FFO comes in above our forecast yields a valuation of about \$29.50.

We continue to view the company's recent momentum and balance sheet measures as catalysts for ongoing multiple expansion over time. We believe the risk / reward ratio remains attractive for investors who have a higher than average risk tolerance and longer time horizon.

RISKS

We believe risks to CXW achieving continued stable cash flow, and to our valuation, include the following.

- As contracts reach expirations, the company might not be able to renew existing contracts or secure alternative utilization.
- Occupancy levels could continue to fluctuate.
- Justice system reforms might result in lower aggregate prison populations. However, CXW's efforts at diversification in recent years have led to community operating unit and reentry houses.
- Negative publicity and/or increased activism regarding the private prison operators could further pressure the share price.
- The company could be subject to litigation risk.
- Competitive risk, as the company responds to requests for proposals or interest.
- Inflation could pressure costs more than currently expected and CXW might not be able to obtain higher per diems from customers to help offset its impact.
- The company might not be able to fill hiring positions as quickly as it would like.

RECENT NEWS

- On September 29, 2025, CXW announced new contracts at its California City Immigration Processing Center and Midwest Regional Reception Center.
- On August 18, 2025, CXW announced that its COO would replace the CEO in January 2026.
- On August 14, 2025, CXW announced a new contract to resume operations at its West Tennessee Detention Facility.
- On August 6, 2025, CXW announced 2Q25 results.
- On June 10, 2025, CXW announced the planned acquisition of the Farmville Detention Center.
- On March 5, 2025, CoreCivic announced that it would resume operations at the South Texas Family Residential Center in Dilley, Texas.
- CXW announces four new contract modifications for ICE on February 27, 2025.
- CXW announced an extended agreement with Montana on January 16, 2025.
- The company was awarded a new management contract with the state of Montana on July 25, 2024.

FINANCIAL MODEL

CoreCivic

Core Civic Income Statement & Projections (\$000s except per share data)

	1Q24A	2Q24A	3Q24A	4Q24A	2024A	1Q25A	2Q25A	3Q25E	4Q25E	2025E
Revenue	\$500,686	\$490,109	\$491,558	\$479,293	\$1,961,646	\$488,627	\$538,165	\$551,081	\$555,036	\$2,132,909
Y/Y % change	9.3%	5.7%	1.6%	-2.4%	3.4%	-2.4%	9.8%	12.1%	15.8%	8.7%
Operating expense	378,103	375,735	370,818	368,701	1,493,357	374,737	398,342	413,311	409,617	1,596,007
General and administrative	36,465	33,910	41,162	40,544	152,081	36,016	43,882	45,330	45,420	170,648
Depreciation and amortizati	31,730	32,145	32,240	31,896	128,011	30,518	31,108	34,519	34,622	130,767
Shareholder litigation exper	-	-	-	-	-	-	-	-	-	-
Impairments / other	-	-	3,108	-	3,108	-	-	-	-	-
Total operating expense	446,298	441,790	447,328	441,141	1,776,557	441,271	473,332	493,159	489,659	1,897,421
Operating income	54,388	48,319	44,230	38,152	185,089	47,356	64,833	57,922	65,377	235,488
Operating margin	10.9%	9.9%	9.0%	8.0%	9.4%	9.7%	12.0%	10.5%	11.8%	11.0%
Interest expense, net	18,613	17,110	15,998	15,694	67,415	15,231	12,539	19,310	18,924	66,004
Other (income) expense	26,732	3,630	(1,948)	(2,703)	25,711	35	35	(1,549)	2,200	721
	45,345	20,740	14,050	12,991	93,126	15,266	12,574	17,761	21,124	66,725
Pretax income	9,043	27,579	30,180	25,161	91,963	32,090	52,259	40,161	44,253	168,763
Taxes	500	(8,625)	(9,084)	(5,886)	(23,095)	(6,977)	(13,716)	(12,851)	(14,161)	(47,705)
Net income	9,543	18,954	21,096	19,275	68,868	25,113	38,543	27,309	30,092	121,057
Adj net income*	27,859	21,751	22,436	18,203	68,746	25,113	39,654	25,266	30,092	120,125
Per share data										
EPS	\$0.08	\$0.17	\$0.19	\$0.17	\$0.62	\$0.23	\$0.35	\$0.25	\$0.28	\$1.12
Adj EPS	\$0.25	\$0.20	\$0.20	\$0.16	\$0.81	\$0.23	\$0.36	\$0.23	\$0.28	\$1.10
Average shares outstanding	113,487	110,954	110,971	111,383	111,699	110,458	109,169	109,099	109,064	109,448

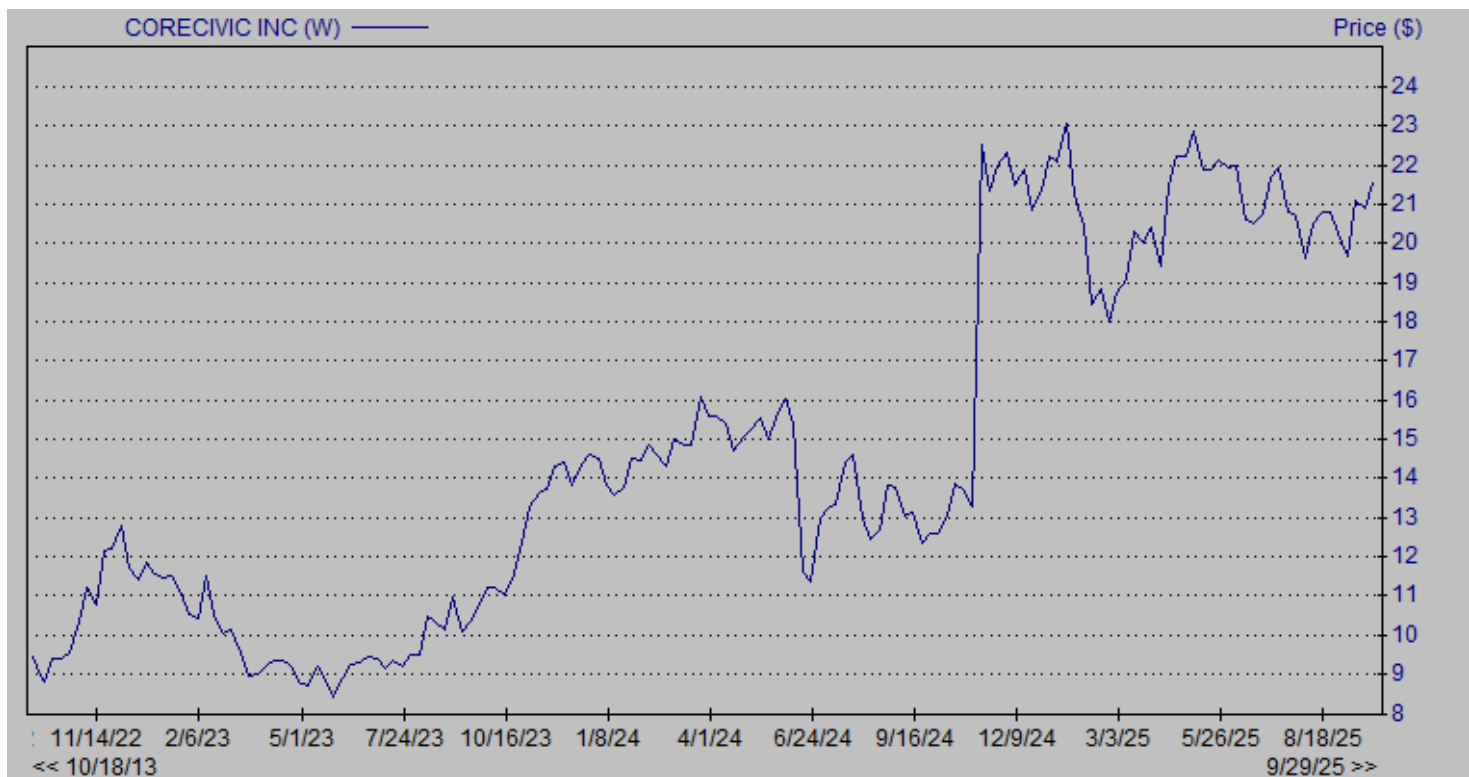
Funds From Operation (FFO)

Net income	\$9,543	\$18,954	\$21,096	\$19,275	\$68,868	\$25,113	\$38,543	\$27,309	\$30,092	\$121,057
+ D&A of real estate asset	24,784	24,843	25,166	25,072	99,865	24,598	24,920	25,889	25,967	101,374
+ Impairment of real estate assets	-	-	2,418	-	2,418	-	-	-	-	-
- Gain on sale of real estat	(568)	-	(1,181)	(1,513)	(3,262)	-	-	(3,549)	-	(3,549)
+ - Other	178	-	(377)	441	242	-	-	993	-	993
FFO	33,937	43,797	47,122	43,275	168,131	49,711	63,463	50,642	56,059	219,875
FFO/share	\$0.30	\$0.39	\$0.42	\$0.39	\$1.51	\$0.45	\$0.58	\$0.46	\$0.51	\$2.01
+ M&A expenses	-	-	-	-	-	-	1,538	712	-	2,250
+ COVID related expenses	-	-	-	-	-	-	-	-	-	-
+ Balance sheet related exp	27,242	4,074	-	-	31,316	-	-	-	-	-
+ - Other asset impairments	-	-	690	-	690	-	-	-	-	-
+ - Tax assoc. w/special items	-	-	(210)	-	(210)	-	(427)	(199)	-	(626)
+ - Other special items (tax)	(8,536)	(1,277)	-	-	(9,813)	-	-	-	-	-
Normalized FFO	52,643	46,594	47,602	43,275	190,114	49,711	64,574	51,155	56,059	221,499
Normalized FFO/share	\$0.46	\$0.42	\$0.43	\$0.39	\$1.70	\$0.45	\$0.59	\$0.47	\$0.51	\$2.02

Source: Company reports, Zacks estimates

*Adj net income adjusts for highlighted items in FFO lines

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