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Zacks Small-Cap Research

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M. Marin
312-265-9211
mmari@zacks.com

scr.zacks.com
101 N. Wacker Drive, Chicago, IL 60606

CoreCivic, Inc. (CXW-NYSE)

CXW: New Contracts, Reactivating Facilities, Well-Positioned With Strong Balance Sheet

CXW has announced multiple new contract wins that are expected to boost incremental revenue, utilization and operating leverage & set the stage for a strong 2026. We also believe CXW's momentum supports our view that the company's relationship with its customers is strong & that while ICE is CXW's largest government partner, demand from states and counties has been strong & could produce additional opportunities in coming quarters.

OUTLOOK

With $130.5m of cash at the end of 2Q25 and $216.4m available under its revolver, for liquidity of about $346.9m, CXW has a strong balance sheet and liquidity to support operations during the government shutdown. Moreover, the company expects to receive full payment and interest payments once the shutdown ends under the 1982 Prompt Payment Act.

Current Price (10/3/25)	$19.82
Valuation	**$29.50**

SUMMARY DATA

52-Week High	**$24.99**
52-Week Low	**$12.38**
One-Year Return (%)	**56**
Beta	**0.75**
Average Daily Volume (sh)	**1,016,412**
Shares Outstanding (mil)	**109**
Market Capitalization ($mil)	**$2,160**
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	**24**
P/E using 2025 Estimate	**18**

Risk Level	**Average,**
Type of Stock	**Mid-Value**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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	560 E	2,138 E

Adj EPS / Loss per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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

Disclosures page 7

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NEW CONTRACTS, REACTIVATING CAPACITY, WELL-POSITIONED DURING SHUTDOWN WITH STRONG BALANCE SHEET

Key takeaways as CXW wins multiple new contracts

CoreCivic (NYSE: CXW) plans to report 3Q25 results on November 5, 2025 and host a conference call on November 6, 2025. We forecast revenue and EPS of $551 million and $0.25, respectively, compared to $492 million and $0.20 in 3Q24. The consensus revenue and EPS forecasts are $544 million and $0.26. Separately, the company has recently announced multiple new contract awards. We are modifying our 4Q25 and 2025 estimates and present our takeaways in this update, which include:

- New contract awards are expected to boost incremental revenue, utilization and operating leverage.
- Recent contracts set the stage for a strong 2026.
- We believe CXW's momentum supports our view that the company's relationship with its customers is strong.
- New awards also highlight that CXW's facilities are relatively new compared to government facilities and it has a long history of providing capacity and other services to its government partners.
- While ICE is CXW's largest government partner, demand from states and counties has been strong and CXW anticipates further near term opportunities with these entities.
- Reflecting its strong balance sheet and liquidity, the company remains well positioned during the government shutdown and is entitled to receive full payment and interest payments once the shutdown ends.

Year-to-date, CXW has announced multiple new contract awards, expansions and/or reactivations. The expected aggregate annual incremental revenue from contracts signed in 3Q25 alone to reactivate formerly idled facilities is about $325 million. Thus, CXW is in the process of reactivating multiple idled facilities. Last week CXW announced the award of a new contract effective September 30, 2025, under an Intergovernmental Services Agreement (IGSA) between the Oklahoma Department of Corrections and ICE to restart operations at its 2,160-bed **Diamondback Correctional Facility,** which has been idle since 2010. The new contract is for a term of at least five years and provides for a fixed monthly payment plus an incremental per diem payment based on populations. Once the facility is fully activated – which is expected by 2Q26 -- total annual revenue is expected to be roughly $100 million. The company has made investments to maintain the facility and also has earmarked $13 million incremental over the next several quarters for renovations.

CXW also recently transitioned from a Letter Contract with ICE to a new formal contract for the 2,560-bed **California City Immigration Processing Center**, 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 transitioned from a Letter Contract with ICE to a new formal contract for the 1,033-bed **Midwest Regional Reception Center**, although activities have been paused by a lawsuit the City of Leavenworth has filed. The Department of Justice (DOJ) filed a Statement of Interest last month in support of CXW's position. If/when the suit 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.

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.

In addition, CXW recently 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.

Once the formerly idled facilities have ramped fully, CXW expects these contracts to produce combined annual revenue of about $325 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.

In addition, other new contracts have come online over the past several quarters, many with states and / or counties. Reflecting increases in demand for occupancy, CXW expects further opportunities with these government entities in coming quarters. For example, CXW entered into contract modifications in recent quarters to add capacity at its 2,016-bed Northeast Ohio Correctional Center, its 1072-bed Nevada Southern Detention Center, and its 1,600-bed Cimarron Correctional Facility in Oklahoma. CXW also obtained a contract modification for ICE to potentially use up to 252 beds at its 2,672-bed Tallahatchie County Correctional Facility in Mississippi. At many of these facilities, CXW operates under contracts with multiple different government customers. For example, CXW was awarded a new management contract early this year with Montana for additional inmates at its 2,672-bed Tallahatchie County Correctional Facility in Tutwiler, Mississippi in 1Q25. The incremental Montana inmates are expected to boost the company's occupancy, bed utilization and efficiency at the Tallahatchie County Correctional Facility, which also serves the state of Wyoming, Harris County, Texas and Hinds County, Mississippi.

Modifying 4Q25 / 2025 estimates slightly; expect greater impact of new contracts will be in 2026

We are modifying our 4Q25 and 2025 estimates, as noted. We expect some impact on revenue and OpEx from new contracts but believe the greater impact will be in 2026, as contracts and occupancy ramp. Our revised 4Q25 revenue forecast is $560 million compared to $555 million. As new hires and other preparation continue, our EPS estimate is unchanged at $0.28. Reflecting these revisions, our revised 2025 revenue and EPS forecasts are $2,138 million and $1.10 compared to $2,133 million and $1.10 earlier.

CXW has a strong balance sheet and liquidity during government shutdown

With $130.5 million of cash at the end of 2Q25 and $216.4 million available under its revolver, for liquidity of about $346.9 million, CXW has a strong balance sheet and liquidity to support operations during the government shutdown. Moreover, the company expects to receive full payment and interest payments once the shutdown ends. During government shutdowns and in most situations when an agency pays late, the agency is required to pay interest under the 1982 Prompt Payment Act.

Moreover, at 2.3x, the company's TTM Debt leverage ratio at the end of 2Q25 is at the low end of its target range and CXW generates strong cash flow. We continue to believe the company is well-positioned to maintain growth initiatives such as adding capacity and potentially expanding its offering of ancillary services (such as at home monitoring, for example) and continue to repurchase shares. CXW repurchased 2.0 million shares in 2Q25 and 3.9 million shares in 1H25 at respective aggregate costs of $43.2 million and $81.0 million. The company also increased the share repurchase authorization during the quarter and had $237.9 million remaining as of June 30, 2025.

VALUATION

Momentum continues, with new contracts laying foundation for strong 2026

We believe CXW remains well positioned for new and expanded agreements with ICE and other partners. Moreover, reflecting recent new business momentum and as new contracts come online, we believe it lays the foundation for a strong 2026. Applying a multiple of about 14x to our 2025 normalized FFO estimate – CXW shares have historically traded at an average multiple of about 13-14x this metric – 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 October 1, 2025, CXW announced a new contract at its Diamondback Correctional Facility.
- 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	$560,036	$2,137,909
Y/Y % change	*9.3%*	*5.7%*	*1.6%*	*-2.4%*	*3.4%*	*-2.4%*	*9.8%*	*12.1%*	*16.8%*	*9.0%*
Operating expense	378,103	375,735	370,818	368,701	1,493,357	374,737	398,342	413,311	415,307	1,601,697
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	495,349	1,903,111
Operating income	54,388	48,319	44,230	38,152	185,089	47,356	64,833	57,922	64,687	234,798
Operating margin	10.9%	9.9%	9.0%	8.0%	9.4%	9.7%	12.0%	10.5%	11.6%	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	43,563	168,073
Taxes	500	(8,625)	(9,084)	(5,886)	(23,095)	(6,977)	(13,716)	(12,851)	(13,940)	(47,485)
Net income	9,543	18,954	21,096	19,275	68,868	25,113	38,543	27,309	29,623	120,588
Adj net income*	27,859	21,751	22,436	18,203	68,746	25,113	39,654	25,266	29,623	119,656
Per share data										
EPS	$0.08	$0.17	$0.19	$0.17	$0.62	$0.23	$0.35	$0.25	$0.28	$1.11
Adj EPS	$0.25	$0.20	$0.20	$0.16	$0.81	$0.23	$0.36	$0.23	$0.28	$1.10
Average shares outstandin	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	$29,623	$120,588
+ 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	55,590	219,406
FFO/share	$0.30	$0.39	$0.42	$0.39	$1.51	$0.45	$0.58	$0.46	$0.51	$2.00
+ 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	55,590	221,030
Normalized FFO/share	$0.46	$0.42	$0.43	$0.39	$1.70	$0.45	$0.59	$0.47	$0.51	$2.01

Source: Company reports, Zacks estimates

*Adj net income adjusts for highlighted items in FFO lines

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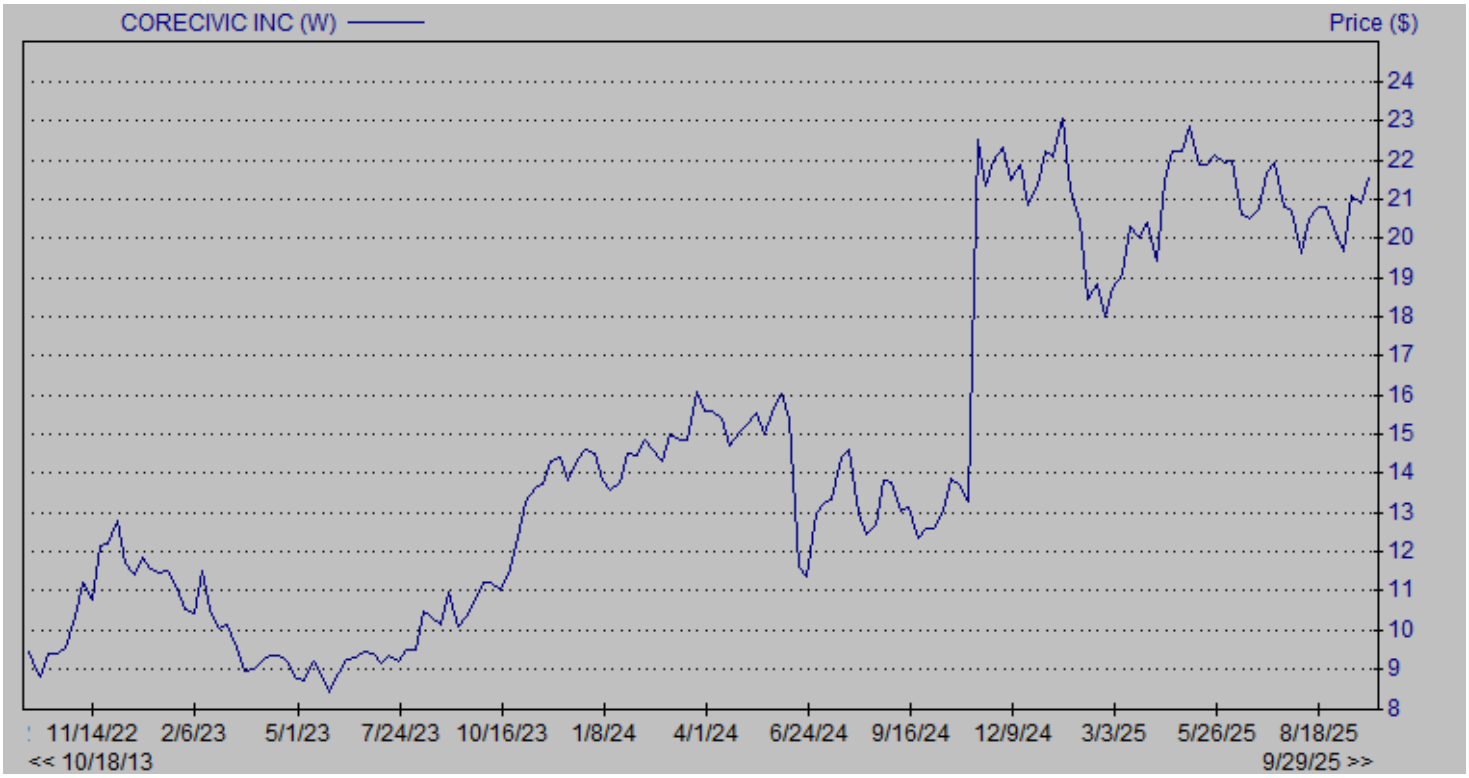

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