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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: Reactivations, Strong Balance Sheet, New Contracts Position CXW For Robust Growth

CXW has been awarded contracts at five idle facilities in 2025 and is in discussions with government partners to reactivate others. We believe this momentum positions CXW for strong performance going forward. Reactivation activities at one – the Midwest Regional Reception Center – have been paused by a lawsuit; once the other four reach stabilized occupancy, they are expected to generate roughly $320m of annual revenue.

Current Price (11/6/25)	$16.79
Valuation	**$29.50**

OUTLOOK

CXW's 3Q25 results beat our / consensus projections. Total revenue of $580.4m was well ahead of our $551m forecast and adjusted EPS excluding costs to reactivate idled facilities exceeded our/consensus EPS forecasts. Detention populations and revenue have not been impacted by the government shutdown. Revenue from ICE was up 54.6% in 3Q25 & average occupancy was 76.7% vs. 75.2%. CXW also has a strong balance sheet and liquidity to support operations, growth measures, share buybacks and other capital allocations & has been actively repurchasing its shares, a trend that we expect to continue or accelerate.

SUMMARY DATA

52-Week High	**$24.99**
52-Week Low	**$16.02**
One-Year Return (%)	**-25**
Beta	**0.67**
Average Daily Volume (sh)	**964,084**
Shares Outstanding (mil)	**105**
Market Capitalization ($mil)	**$1,756**
Short Interest Ratio (days)	**2.8**
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	**17**
P/E using 2024 EPS	**21**
P/E using 2025 Estimate	**16**

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	580 A	583 E	2,191 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	$0.24 A	$0.20 E	$1.04 E

Qs might not sum reflecting rounding

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REACTIVATIONS, STRONG BALANCE SHEET POSITION CXW FOR ROBUST GROWTH

Recent contracts set the stage for a strong 2026 and beyond

CoreCivic (NYSE: CXW) reported 3Q25 results this week, beating our and consensus projections. Total revenue of $580.4 million was well ahead of our $551.0 million forecast. This represents a 8.7% year-over-year increase compared to revenue of $491.6 million reported in 3Q24. The increase primarily reflected higher federal and state populations and higher average per diem rates at many locations. The company recorded 3Q25 adjusted EPS of $0.24 compared to our $0.23 adjusted EPS forecast. Consensus revenue and EPS forecasts were $544 million and $0.26. The slight EPS shortfall primarily was due to higher than forecast startup costs to activate previously idled facilities to fulfill new contracts. Currently the company has three facilities in various stages of activation, contributing to aggregate facility net operating losses of $3.4 million or an estimated roughly $0.03 per share. Excluding the reactivation costs, reported EPS would have exceeded our/consensus EPS forecasts.

We believe the reactivations and multiple new contracts position CXW for strong performance going forward. CXW has been awarded contracts at five idle facilities in 2025 and is in discussions with ICE and other government partners to reactivate others. Reactivation activities at one – the Midwest Regional Reception Center – have been paused by a lawsuit (see below). Once the other four reach stabilized occupancy, they are expected to generate roughly $320 million of annual revenue. Of these, California City and West Tennessee facilities late in 3Q25, and expects to reach stabilized occupancy 1Q26 at both facilities. CXW still has five additional idle facilities containing over 7,000 beds that it can bring back online. Our takeaways in this update, which include:

- CXW's 3Q25 results beat our / consensus projections. Total revenue of $580.4m was well ahead of our $551m forecast and adjusted EPS excluding costs to reactivate idled facilities exceeded our/consensus EPS forecasts.
- CXW's detention populations and revenue have not been impacted by the shutdown. Revenue from ICE was up 54.6% in 3Q25 & average occupancy was 76.7% vs. 75.2%.
- We believe reactivation of idled facilities & multiple new contracts position CXW for strong performance ahead.
- CXW has five additional idle facilities and is in discussions to bring some back online.
- CXW has a strong balance sheet and liquidity to support operations, growth measures, share buybacks and other capital allocations.
- The company is entitled to receive full payment and interest payments once the government shutdown ends.
- CXW has been actively repurchasing its shares, a trend that we expect to continue or accelerate.

At the 1,033-bed Midwest Regional Reception Center, activities have been paused by a lawsuit the City of Leavenworth has filed. The Department of Justice (DOJ) filed a Statement of Interest in support of CXW's position and the company believes this could expedite reaching a resolution. 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.

CXW's detention populations and revenue have not been impacted by the shutdown. CXW's revenue from ICE, its largest government partner, was $215.9 million in 3Q25 compared to $139.7 million in 3Q24, which represents a 54.6% increase. The average daily residential population at CXW facilities was 55,236 in 3Q25 compared to 50,757 in 3Q25. Average occupancy was 76.7% compared to 75.2%. The number of beds occupied under contracts with ICE has increased by about 36.9% year-to-date through September 30, 2025, or about 3,700 beds. 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 to ICE, other new contracts have come online over the past several quarters with states and / or counties.

CXW has a strong balance sheet and liquidity during government shutdown

With $56.6 million of cash at the end of 3Q25 and $191.4 million available under its revolver, for liquidity of about $248 million, CXW has a strong balance sheet and liquidity to support operations during the government shutdown. The company expects to receive full payment and interest payments once the shutdown ends.

Moreover, at 2.5x, the company's TTM Debt leverage ratio at the end of 3Q25 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.

Share repurchases are a capital allocation priority

The company has a share repurchase plan and repurchased 5.9 million shares at an aggregate cost of $121.0 million, or $20.60 per share, year-to-date through September 30, 2025. In 3Q25 alone, CXW bought 1.9 million shares at an aggregate cost of $40.0 million. Since the share repurchase program was authorized in May 2022, through September 30, 2025, we have repurchased a total of 20.4 million shares of our common stock at an aggregate cost of $302.1 million, or $14.81 per share. The company also increased the share repurchase authorization recently and had $197.9 million remaining under the plan as of September 30, 2025.

VALUATION

CXW shares trade well below historical multiples…

At their current price, CXW shares trade well below historical multiple levels and do not reflect the company's strong outlook and growing cash flow prospects, in our view. 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.

… And do not reflect strong outlook, growing cash flow prospects, in our view

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 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 November 5, 2025, CXW announced 3Q25 results.
- 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 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	3Q25A	4Q25E	2025E
Revenue	$500,686	$490,109	$491,558	$479,293	$1,961,646	$488,627	$538,165	$580,437	$583,339	$2,190,568
Y/Y % change	*9.3%*	*5.7%*	*1.6%*	*-2.4%*	*3.4%*	*-2.4%*	*9.8%*	*18.1%*	*21.7%*	*11.7%*
Operating expense	378,103	375,735	370,818	368,701	1,493,357	374,737	398,342	449,556	452,088	1,674,723
General and administrative	36,465	33,910	41,162	40,544	152,081	36,016	43,882	45,288	46,962	172,148
Depreciation and amortizati	31,730	32,145	32,240	31,896	128,011	30,518	31,108	33,388	34,622	129,636
Shareholder litigation exper	-	-	-	-	-		-		-	-
Impairments / other	-	-	3,108	-	3,108	-	-	1,482	-	1,482
Total operating expense	446,298	441,790	447,328	441,141	1,776,557	441,271	473,332	529,714	533,672	1,977,989
Operating income	54,388	48,319	44,230	38,152	185,089	47,356	64,833	50,723	49,668	212,580
Operating margin	10.9%	9.9%	9.0%	8.0%	9.4%	9.7%	12.0%	8.7%	8.5%	9.7%
Interest expense, net	18,613	17,110	15,998	15,694	67,415	15,231	12,539	16,628	16,961	61,359
Other (income) expense	26,732	3,630	(1,948)	(2,703)	25,711	35	35	(2,465)	2,200	(195)
	45,345	20,740	14,050	12,991	93,126	15,266	12,574	14,163	19,161	61,164
Pretax income	9,043	27,579	30,180	25,161	91,963	32,090	52,259	36,560	30,507	151,416
Taxes	500	(8,625)	(9,084)	(5,886)	(23,095)	(6,977)	(13,716)	(10,251)	(9,762)	(40,706)
Net income	9,543	18,954	21,096	19,275	68,868	25,113	38,543	26,309	20,745	110,710
Adj net income*	27,859	21,751	22,436	18,203	68,746	25,113	39,654	26,166	20,745	111,678
Per share data										
EPS	$0.08	$0.17	$0.19	$0.17	$0.62	$0.23	$0.35	$0.24	$0.20	$1.03
Adj EPS	$0.25	$0.20	$0.20	$0.16	$0.81	$0.23	$0.36	$0.24	$0.20	$1.04
Average shares outstandin	113,487	110,954	110,971	111,383	111,699	110,458	109,169	107,521	104,300	107,862
Funds From Operation (FFO)										
Net income	$9,543	$18,954	$21,096	$19,275	$68,868	$25,113	$38,543	$26,309	$20,745	$110,710
+ D&A of real estate asset	24,784	24,843	25,166	25,072	99,865	24,598	24,920	25,916	25,967	101,401
+ Impairment of real estate assets			2,418	-	2,418			1,482	-	1,482
- Gain on sale of real estat	(568)		(1,181)	(1,513)	(3,262)			(2,461)	-	(2,461)
+ - Other	178	-	(377)	441	242	-	-	273	-	273
FFO	33,937	43,797	47,122	43,275	168,131	49,711	63,463	51,519	46,711	211,405
FFO/share	$0.30	$0.39	$0.42	$0.39	$1.51	$0.45	$0.58	$0.48	$0.45	$1.96
+ M&A expenses					-		1,538	781	-	2,319
+ 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)	(218)		(645)
+ - 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	52,082	46,711	213,079
Normalized FFO/share	$0.46	$0.42	$0.43	$0.39	$1.70	$0.45	$0.59	$0.48	$0.45	$1.97

Source: Company reports, Zacks estimates

*Adj net income adjusts for highlighted items in FFO lines

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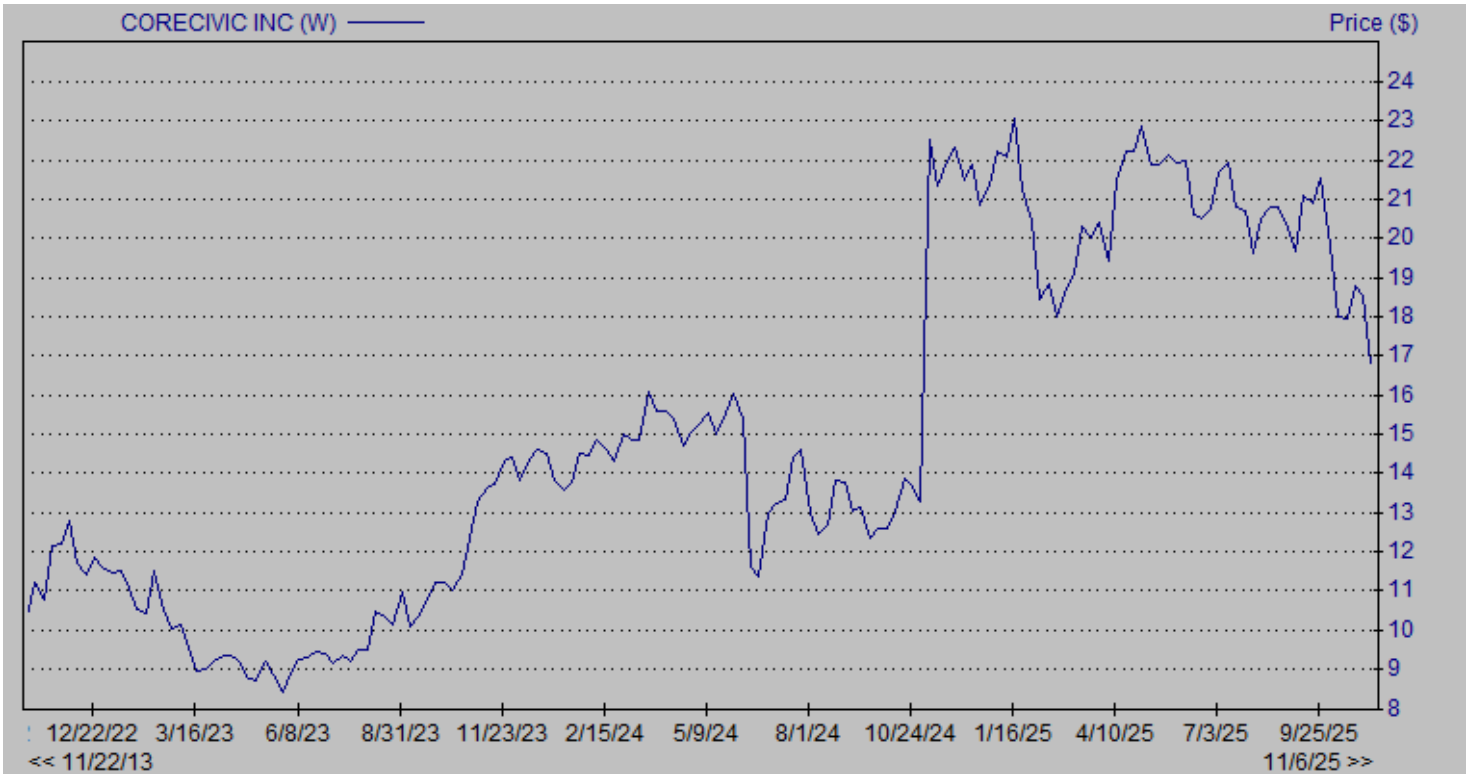
HISTORICAL STOCK PRICE



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