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Zacks Small-Cap Research

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CoreCivic, Inc. (CXW-NYSE)

CXW: Believe CXW is Positioned for Robust Growth; View Share Repurchase Increase as a Positive

CXW has had strong momentum to-date in 2025, with higher occupancies, higher average per diem rates at many locations and new contracts closing at a pace not experienced in some time. We believe reactivations of previously idled facilities and multiple other new contracts position CXW for strong performance going forward. Despite the high level of activity, CXW shares are down ~22.5% ytd & trade below historical multiple levels.

Current Price (11/19/25)	$16.76
Valuation	**$29.50**

OUTLOOK

CXW has authorized an increase to the existing share repurchase plan to purchase up to an additional $200m in CXW shares. The aggregate authorization increased from up to $500m of its shares to up to $700m. With the added authorization, CXW had $377.9m of repurchase authorization available under the plan as of Nov. 7, 2025. We view this increased authorization as a positive and believe it reflects the company's positive outlook on its business and goal to deliver shareholder value. Notably, CXW's business retention rate averages 97.5% over past 5-years, which we believe augers well for continued business momentum going forward.

SUMMARY DATA

52-Week High	**$23.85**
52-Week Low	**$15.95**
One-Year Return (%)	**-23**
Beta	**0.67**
Average Daily Volume (sh)	**1,013,660**
Shares Outstanding (mil)	**105**
Market Capitalization ($mil)	**$1,804**
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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VIEW CXW AS POSITIONED FOR ROBUST GROWTH

Yet shares do not seem to reflect recent business momentum

CoreCivic (NYSE: CXW) has recorded strong momentum to-date in 2025, with higher federal and state populations and higher average per diem rates at many locations and new contracts closing at a pace the company has not experienced in some time. For example, CXW has been awarded contracts at five idle facilities in 2025 and is in discussions with ICE and other government partners to reactivate others. We believe the facility reactivations and multiple new contracts position 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 $320 million of annual revenue. Of these, California City and West Tennessee are expected to reach stabilized occupancy in early 2026. CXW still has five additional idle facilities containing over 7,000 beds that it can bring back online.

- Last week CXW announced that its board has authorized an increase to its existing share repurchase plan.
- We view this increased authorization as a positive and believe it reflects the company's positive outlook on its business and goal to deliver shareholder value.
- 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.
- Revenue from ICE was up 54.6% in 3Q25 & average occupancy was 76.7% vs. 75.2%.

Share repurchases are a capital allocation priority

Despite the high level of activity, year-to-date CXW shares are down about 22.5%. CXW shares trade well below historical multiple levels and we continue to view the company's recent momentum, growth and balance sheet measures as catalysts for ongoing multiple expansion over time. The company believes its shares are undervalued and has been aggressively repurchasing shares in 2025. In fact, share repurchases are a capital allocation priority with the shares at these levels.

We expect the trend of CXW actively repurchasing its shares to continue and potentially accelerate. The company 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 under its share repurchase plan. 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, CXW has repurchased an aggregate 20.4 million shares at $302.1 million, or $14.81 per share, and 21.5 million shares at an aggregate $322.1 million cost, or $14.98 per share, through November 7, 2025.

View increased authorization as a positive that reflects CXW's positive business outlook

Last week the company announced that its board has authorized an increase to the existing share repurchase plan. This authorizes the company to purchase up to an additional $200 million in CXW shares. As a result of the increase, the aggregate authorization increased from up to $500.0 million shares to up to $700.0 million shares. As of November 7, 2025, CXW had $377.9 million of repurchase authorization available under the share repurchase program with the added authorization. We view this increased authorization as a positive and believe it reflects the company's positive outlook on its business and goal to deliver shareholder value.

CXW has a strong balance sheet and liquidity to support buybacks and growth measures

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

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.

OCCUPANCIES AND HISTORICAL CONTRACT RENEWALS STRONG

Business retention rate averages 97.5% over past 5-years

CXW's detention populations and revenue were not 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.

Moreover, the company has had a high and stable retention rate, which we believe underscores the strength of its relationships with government partners, strong track record of delivering services and more modern state of its facilities compared to alternative solutions, among other factors. Over the past 5-years, renewal rates on owned and controlled facilities is 97.5%. Management also believes renewal rates remain high, reflecting the limited supply of and older state of many government owned correctional facilities, as noted, and the programs the company offers inmates and the cost effectiveness of its services. We believe this high retention augers well for continued business momentum going forward, particularly given the needs of ICE and other government partners.

CONTRACT RETENTION

	2021	2022	2023	2024	2025	TOTAL
OWNED AND CONTROLLED:						
# of Contracts	35	21	34	37	35	162
# of Contracts Retained	33	20	34	36	35	158
Retention Rate	94.3%	95.2%	100.0%	97.3%	100.0%	97.5%

Source: Company reports

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.

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, although 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. We apply 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 – which 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 10, 2025, CXW announced a $200 million increase to its share repurchase authorization.
- 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

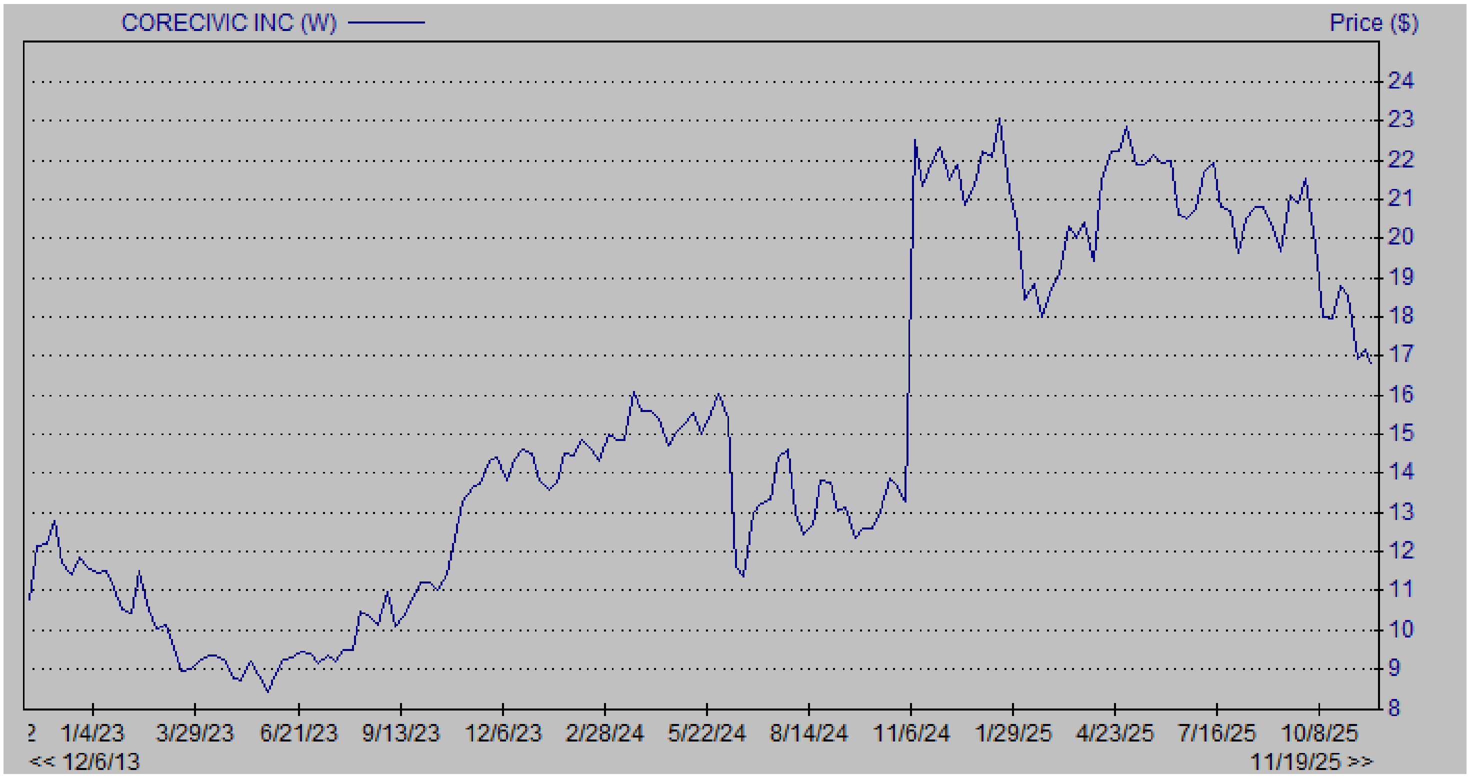
Core Civic Income Statement & Projections ($000s except per share data)

	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

HISTORICAL STOCK PRICE



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