

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: Enhanced Financial Flexibility to Support Initiatives & Growth Measures

We forecast a 4Q25 revenue increase of 21.7% y/y & adjusted EPS of \$0.20 vs. \$0.16 in 4Q24. CXW recorded strong momentum 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. We expect the underlying momentum in CXW's operations continues. CXW reports on 2/11/26.

Current Price (1/30/26)	\$18.53
Valuation	\$29.50

SUMMARY DATA

52-Week High	\$23.54
52-Week Low	\$15.95
One-Year Return (%)	-7.4
Beta	0.71
Average Daily Volume (sh)	1,030,808

Shares Outstanding (mil)	104
Market Capitalization (\$mil)	\$1,930
Short Interest Ratio (days)	3.1
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	23
P/E using 2025 EPS	18
P/E using 2026 Estimate	17

OUTLOOK

We remain optimistic about operating trends going forward and view recent CXW initiatives as positives. For example, CXW authorized an increase to its existing share repurchase plan from up to \$500m to up to \$700m. To enhance financial flexibility & increase liquidity, CXW also amended its credit agreement to increase the size of the revolving credit facility to \$575m. As of January 2026, CXW had additional borrowing capacity of \$391.4m following the amendment, including outstanding letters of credit. The company's 2.5x, CXW'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.

ZACKS ESTIMATES

	Revenue (in millions of \$)					Year
	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)		
2022	453 A	457 A	464 A	471 A	1,845 A	
2023	458 A	464 A	484 A	491 A	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
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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4Q25 PREVIEW – VIEW CXW AS POSITIONED FOR GROWTH

Expect operating momentum continues, reflecting new contracts, balance sheet measures, cost optimizations

CoreCivic (NYSE: CXW) will report 4Q25 results after market close on February 11, 2026, and host a conference call at 11:00 a.m. ET on February 12, 2026. We forecast 4Q25 revenue of \$583.3 million compared to \$479.3 million in 4Q24, an expected 21.7% year-over-year increase. The consensus 4Q25 revenue estimate is \$585.1 million. The anticipated advance follows an 18.1% year-over-year increase registered in the prior quarter. In fact, CXW recorded strong momentum in 2025 throughout the first three quarters, 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 was awarded contracts at five idle facilities in 2025 and is in discussions with ICE and other government partners for other contracts, including to reactivate other idle facilities; CXW still has five additional idle facilities containing over 7,000 beds that it can bring back online. We model adjusted EPS of \$0.20, compared to consensus of \$0.21 and \$0.16 in 4Q24.

We expect the underlying momentum in CXW's operations continues, fueled largely by new contracts, rising average compensated occupancies at CXW facilities and normalizing costs. We remain optimistic about operating trends going forward. We believe the facility reactivations and multiple new contracts position CXW for strong performance going forward. Reactivation activities at one facility – the Midwest Regional Reception Center – have been paused by a lawsuit. Once the other four facilities that have been reactivated 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. We expect further renewals, extensions and new business agreements for CXW with ICE in the future. Other recent management contracts include with Wyoming for up to 240 beds at its 2,672-bed Tallahatchie County Correctional Facility in Tutwiler, Mississippi and a new management contract with Hinds County, Mississippi for up to 250 beds at this facility. Another is with Harris County, Texas for up to 360 beds at the company's Tallahatchie County Correctional Facility and a contract with the U.S. Marshals Service at the 4,128-bed Central Arizona Florence Correctional Complex.

The company has a long history of providing capacity and related services to ICE and other government partners and is engaged in ongoing discussions with multiple government entities, including federal, state, and local agencies. At the same time, retention rates remain high, reflecting the limited supply of and older state of many government owned correctional facilities, the programs the company offers inmates and the cost effectiveness of its services, among other factors. Over the past 5-years, retention rates on owned and controlled facilities is over 95% (see below).

The company's strong pipeline and recent new business wins or contract extensions reflect CXW's ability to provide flexible capacity to government customers, in our view. Government entities and ICE need to house the prison populations and detainees and also face budgetary issues that likely constrain construction of new facilities in the near-term.

Enhanced financial flexibility with amended credit agreement increasing liquidity

At the same time, CXW continues to strengthen its balance sheet and has substantial liquidity to support buybacks and growth measures and support operations if there are shutdown related payment delays (the company expects to receive full payment and interest payments accrued during the shutdown post shutdown), in our view. 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. Moreover, to enhance its financial flexibility to support the expanded share buyback authorization (see below) and potentially strategic investments, among other initiatives, CXW amended its credit agreement to increase the size of the *accordion* feature that provides for uncommitted incremental extensions of credit from \$200 million to \$300 million, and to exercise the full allotment by expanding the capacity under the revolving credit facility to \$575 million effective December 1, 2025, from \$275 million, among other things. As of January 2026, CXW had outstanding borrowings under the revolver of \$165.0 million and additional borrowing capacity of \$391.4 million following the amendment, including outstanding letters of credit of \$18.6 million.

The company's 2.5x, CXW'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. The company recently reiterated that it "is forecasting significant increases in revenues and cash flows going into 2026 and 2027" and we are optimistic about CXW's opportunity to continue generating stable cash flow, reflecting the company's operating leverage, business momentum and renewal rate on its facilities over the past five years, among other factors.

Increased share repurchase authorization

Given the above noted pull back in CXW shares, 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. Through September 30, 2025, the company had repurchased 5.9 million shares in 2025 at an aggregate cost of \$121.0 million, or \$20.60 per share. 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 November 7, 2025, CXW had repurchased an aggregate 21.5 million shares at a cost of \$322.1 million, or average of \$14.98 per share.

The company also recently authorized an increase to the existing share repurchase plan 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.

BUSINESS RETENTION RATE AVERAGES 97.5% OVER PAST 5-YEARS

Importantly, CXW's detention populations and revenue were not impacted during the last government 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 3Q24. 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.

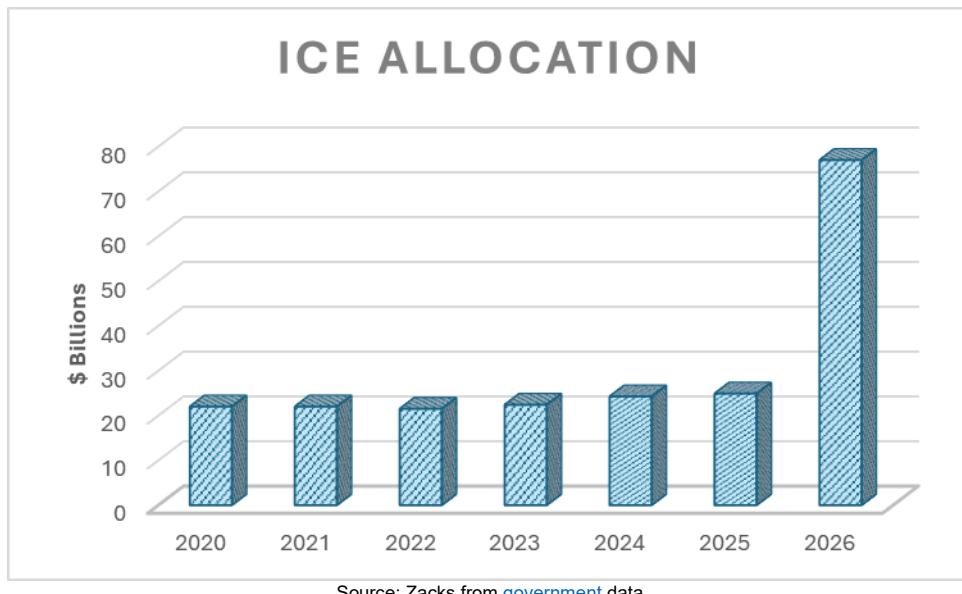
CONTRACT RETENTION						
	2021	2022	2023	2024	2025	TOTAL
OWNED AND CONTROLLED:						
# of Contracts	35	21	34	37	35	162
# of Contracts Retained	33	20	34	36	35	158
Retention Rate	94.3%	95.2%	100.0%	97.3%	100.0%	97.5%

Source: [Company reports](#)

VALUATION

CXW shares trade well below historical multiples...

Despite the high level of activity, CXW shares are down about 14% over the past four months and shares trade well below historical multiple levels. We believe (and unwarranted, in our view) concerns about ICE funding are likely a primary factor that have overhung the shares. ICE was funded by H.R. 1, the One Big Beautiful Bill Act (OBBBA), and is, in fact, the federal government's highest funded law enforcement agency, according to the New York [Times](#). (The legislative spending bill that has been debated recently originally included appropriations for the Department of Homeland Security) – is a primary overhang. and we continue to view the company's recent momentum, growth and balance sheet measures as catalysts for ongoing multiple expansion over time. 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 and anticipate a strong 2026. We maintain an expected valuation of about \$29.50 per share, derived by 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.

... 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 December 12, 2025, CXW announced the promotion of Daren Swenson to EVP and Chief Corrections and Reentry Officer.
- CXW expanded its revolving credit facility by \$300 million effective December 1, 2025.
- 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

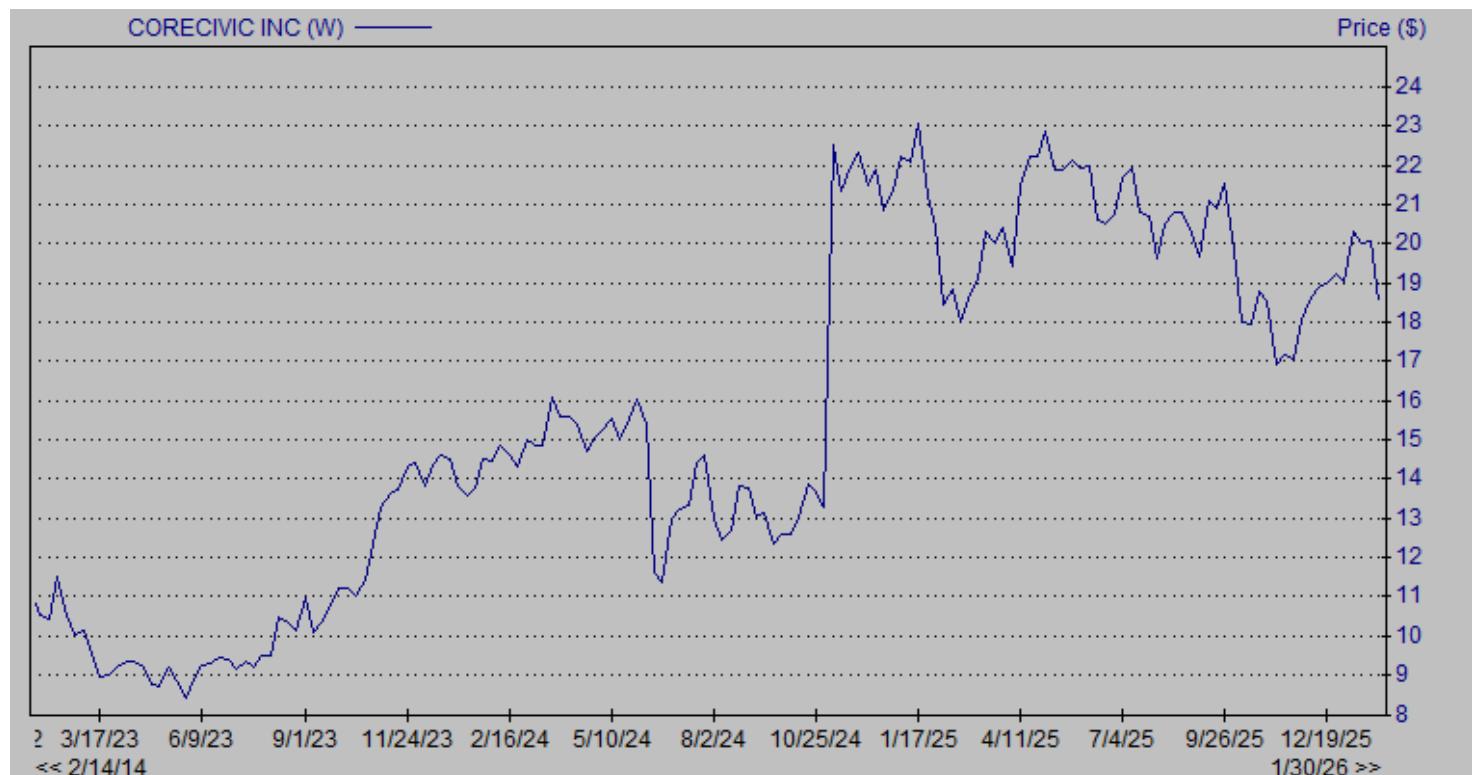
Core Civic Income Statement & Projections (\$000s except per share data)

	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 amortization	31,730	32,145	32,240	31,896	128,011	30,518	31,108	33,388	34,622	129,636
Shareholder litigation expense	-	-	-	-	-	-	-	-	-	-
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 outstanding	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 estate	(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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