

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: Momentum Continues But Not Fully Reflected in Shares; Believe Alternative Solutions Could Create Opportunities

CXW has a high and stable business 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%, which we believe bodes well for the company's outlook.

OUTLOOK

We believe the facility reactivations and multiple new contracts position CXW for strong performance going forward & CXW has additional idle facilities that it can bring back online. We remain optimistic about operating trends going forward, reflecting new business & recent company initiatives such as CXW increasing its existing share repurchase plan & the size of the revolving credit facility. We also believe alternative solutions such as warehouse conversions could present opportunities for CXW to manage and/or offer ancillary services.

Current Price (2/14/26) \$18.92
Valuation \$30

SUMMARY DATA

52-Week High \$23.54
52-Week Low \$15.95
One-Year Return (%) -7.4
Beta 0.71
Average Daily Volume (sh) 989,045

Shares Outstanding (mil) 104
Market Capitalization (\$mil) \$1,965
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 17
P/E using 2026 Estimate 13

Risk Level
Type of Stock
Average, Mid-Value

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
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	604 A	2,211 A
2026	606 E	635 E	662 E	664 E	2,567 E

Adj EPS / Loss per share

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
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	\$0.30 A	\$1.10 A
2026	\$0.31 E	\$0.38 E	\$0.41 E	\$0.41 E	\$1.51 E

Qs might not sum reflecting rounding

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4Q25 REVIEW – MOMENTUM CONTINUES BUT NOT REFLECTED IN SHARES

Operating momentum continues, reflecting new contracts, balance sheet measures, cost optimizations

CoreCivic (NYSE: CXW) reported 4Q25 results last week that beat our/consensus projections significantly. Total revenue of \$604.0 million was significantly ahead of our \$583.3 million forecast and the consensus estimate of \$585.1 million and up 26% year-over-year compared to \$479.3 million in 4Q24. The advance reflects higher ICE, federal and state populations and higher average per diem rates at many locations, combined with multiple new contracts coming online over the past few quarters. CXW was awarded contracts at multiple idle facilities in 2025 and is in discussions with ICE and other government partners for other contracts, including to reactivate additional idle facilities. New business has closed at a pace the company has not experienced in some time. CXW recorded 4Q25 adjusted EPS of \$0.27 compared to our \$0.20 adjusted EPS forecast and the consensus forecast of \$0.21. The company has three facilities in various stages of activation, contributing to aggregate facility net operating losses of \$3.6 million or an estimated roughly \$0.03 per share.

5-year business retention rate averages 97%

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%. 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	41	168
# of Contracts Retained	33	20	34	36	40	163
Retention Rate	94.3%	95.2%	100.0%	97.3%	97.6%	97.0%

Source: [Company reports](#)

CXW still has five additional idle facilities containing over 7,000 beds that it can bring back online. 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. 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 reactivated facilities 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 and CXW expects reactivated facilities to reach breakeven or positive operating income within 1Q26.

We remain optimistic about operating trends going forward. We expect further renewals, extensions and new business agreements for CXW with ICE in the future. Outside of ICE, 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 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.

Enhanced financial flexibility with amended credit agreement increasing liquidity

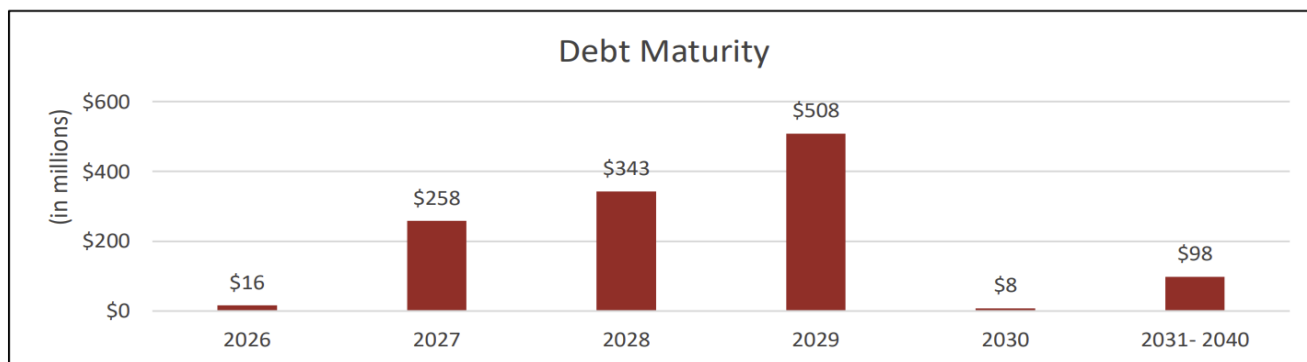
At the same time, CXW continues to strengthen its balance sheet and has substantial liquidity to support buybacks and growth measures and support operations regardless of shutdown related payment delays (CXW's detention populations and revenue were not impacted during the last government shutdown and the company expects to receive full payment and interest payments accrued during the shutdown post shutdown). 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 expand the revolving credit facility to \$575 million effective December 1, 2025, from \$275 million. 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. CXW had \$97.9 million of cash at the end of 2025 for liquidity of well over \$450 million.

The company's 2.8x, CXW's TTM Debt leverage ratio at the end of 2025 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.

View increases to share repurchase authorization as positives

The company believes CXW shares are undervalued and aggressively repurchased shares in 2025, with share repurchases a capital allocation priority. The company repurchased 11.2 million shares in 2025 at an aggregate cost of \$218.4 million, or an average of \$19.50 per share. In 4Q25 alone, CXW bought 5.3 million shares at an aggregate \$97.3 million and average of \$18.36 per share. Since the share repurchase program was authorized in May 2022, through yearend 2025, CXW had repurchased an aggregate 25.7 million shares at a cost of \$399.5 million, or average of \$15.52 per share.

The company also implemented two increases to the existing share repurchase plan in 2025, which we view as a positive and believe it reflects the company's positive outlook on its business and goal to deliver shareholder value. As of yearend 2025, CXW had \$300.5 million of repurchase authorization available under the share repurchase program with the added authorization. CXW has no major debt maturities coming due in 2026 and \$258 million, \$343 million and \$508 million coming due in 2027, 2028 and 2029, respectively. It would not surprise us to see CXW prepare to repay portions of the 2027-28 maturities in advance, as it has done with prior maturities in the past.



Source: [Company reports](#)

POTENTIAL ALTERNATIVE SOLUTIONS COULD PRESENT OPPORTUNITIES

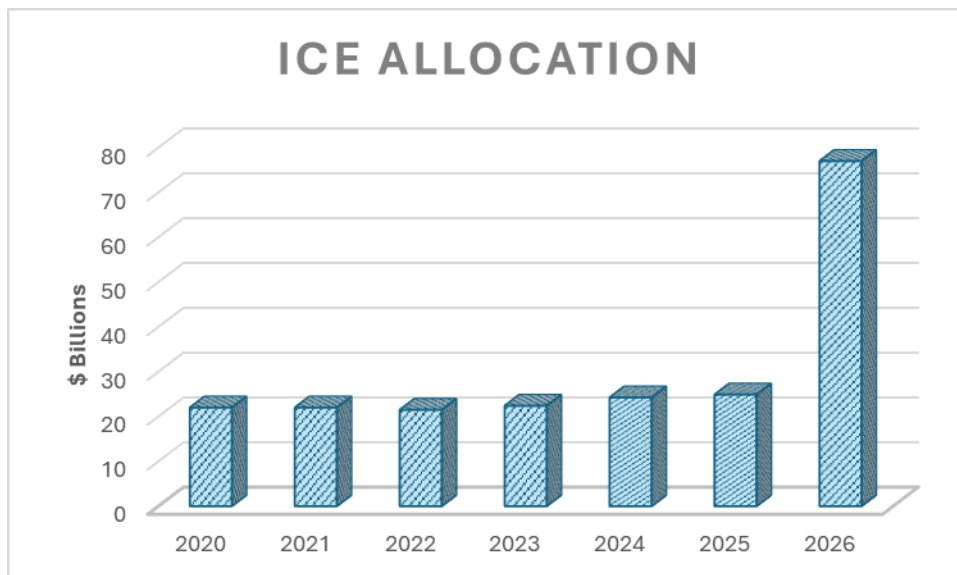
The company has a long history of providing capacity and related services to ICE, the federal government's highest funded law enforcement agency, according to the New York [Times](#), and to other government partners. CXW still has five additional idle facilities containing over 7,000 beds that it can bring back online. ICE demand for beds is expected to exceed this level over the next few years and one potential alternative solution under consideration is to convert idled warehouses to add capacity.

For example, ICE apparently has purchased a warehouse in Chester, New York, with plans to convert it to a detention center and is considering purchase of several additional [warehouses](#). This type of solution does not match CXW offerings, in our view, from multiple perspectives including security and ability to include features such as medical and family facilities, among others. Moreover, it also seems that warehouses could generate [opposition](#) from local governments and populations. Nevertheless, in the event that ICE uses this and/or other alternative solutions to close the gap between its demand for capacity and what is currently available from CXW and other existing sources, we believe it could present opportunities for CXW to manage and/or offer ancillary services. Managing government owned facilities is a service CXW has offered and [handled](#) consistently and which we believe underscores CXW's longstanding role in supplying capacity and services to ICE, its largest government partner.

VALUATION

CXW shares trade well below historical multiples...

CXW shares do not reflect the high level of activity, in our view, and trade below historical multiple levels. At their current price, CXW shares also do not reflect the company's strong outlook and growing cash flow prospects, in our view. We believe concerns about ICE funding and warehouse and other solutions 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.



Source: Zacks from [government](#) data

Expect strong outlook, growing cash flow prospects...

Moreover, as noted, warehouses do not match CXW offerings, in our view, and could present opportunities for CXW to provide facilities management and other services. We believe CXW remains well positioned for new and expanded agreements with ICE and other partners and anticipate a strong 2026.

We continue to view the company's recent momentum and balance sheet measures as catalysts for ongoing multiple expansion over time. We introduce our 2026 projections and update our valuation on CXW shares. CXW shares have historically traded at an average multiple of about 13-14x FFO. However, even below the historic range, the shares appear attractive, in our view. If we apply a multiple of about 12x to our 2026 normalized FFO estimate given headline risk related to warehouse solutions, ICE funding and other potential risks, this generates an expected valuation of about \$30 per share compared to our prior valuation of \$29.50 using a 14x multiple. We note that as we expect the company to continue to deliver strong results, we believe the higher multiple range will be applicable. 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.

- The company might not be able to renew existing contracts or secure alternative utilization.
- Occupancy levels could fluctuate.
- Aggregate prison and detainee populations could decline.
- Negative publicity and/or increased activism regarding private prisons 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.
- CXW might not be able to obtain higher per diems to help offset inflation and other cost impacts.
- The company might not be able to fill hiring positions as quickly as it would like.

RECENT NEWS

- On February 11, 2026, CXW announced 4Q25 results.
- On December 12, 2025, CXW promoted 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 October 1, 2025, CXW announced a new contract at its Diamondback Correctional Facility.
- On September 29, 2025, CXW announced new contracts at California City and Midwest Regional Reception.
- On August 14, 2025, CXW announced a new contract at its West Tennessee Detention Facility.
- On June 10, 2025, CXW announced the planned acquisition of the Farmville Detention Center.
- On March 5, 2025, CXW announced resumed operations at South Texas in Dilley, Texas.

FINANCIAL MODEL

CoreCivic

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

	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26E	2Q26E	3Q26E	4Q26E	2026E
Revenue	\$488,627	\$538,165	\$580,437	\$603,953	\$2,211,182	\$605,897	\$635,035	\$661,698	\$664,348	\$2,566,979
Y/Y % change	-2.4%	9.8%	18.1%	26.0%	12.7%	24.0%	18.0%	14.0%	10.0%	16.1%
Operating expense	374,737	398,342	449,556	469,893	1,692,528	457,453	476,276	496,274	498,261	1,928,263
General and administrative	36,016	43,882	45,288	44,394	169,580	47,442	46,993	48,966	49,162	192,562
Depreciation and amortizati	30,518	31,108	33,388	33,891	128,905	34,976	35,395	35,820	36,250	142,440
Shareholder litigation expense / other	-	-	-	-	-	-	-	-	-	-
Impairments / other	-	-	1,482	-	1,482	-	-	-	-	-
Total operating expense	441,271	473,332	529,714	548,178	1,992,495	539,870	558,664	581,059	583,673	2,263,266
Operating income	47,356	64,833	50,723	59,375	218,687	66,028	76,371	80,639	80,676	303,713
Operating margin	9.7%	12.0%	8.7%	9.8%	9.9%	10.9%	12.0%	12.2%	12.1%	11.8%
Interest expense, net	15,231	12,539	16,628	17,831	62,229	20,562	20,973	21,393	21,820	84,748
Other (income) expense	35	35	(2,465)	1,677	(718)	40	40	40	40	160
	15,266	12,574	14,163	19,508	61,511	20,602	21,013	21,433	21,860	84,908
Pretax income	32,090	52,259	36,560	39,867	157,176	45,426	55,358	59,206	58,815	218,805
Taxes	(6,977)	(13,716)	(10,251)	(9,729)	(40,673)	(13,173)	(15,777)	(16,874)	(16,762)	(62,587)
Net income	25,113	38,543	26,309	30,138	116,503	32,252	39,581	42,333	42,053	156,218
Adj net income*	25,113	39,654	26,166	31,697	119,030	32,252	39,581	42,333	42,053	156,218
Per share data										
EPS	\$0.23	\$0.35	\$0.24	\$0.29	\$1.08	\$0.31	\$0.38	\$0.41	\$0.41	\$1.51
Adj EPS	\$0.23	\$0.36	\$0.24	\$0.30	\$1.10	\$0.31	\$0.38	\$0.41	\$0.41	\$1.51
Average shares outstanding	110,458	109,169	107,521	103,991	107,785	103,751	103,361	103,322	103,283	103,429

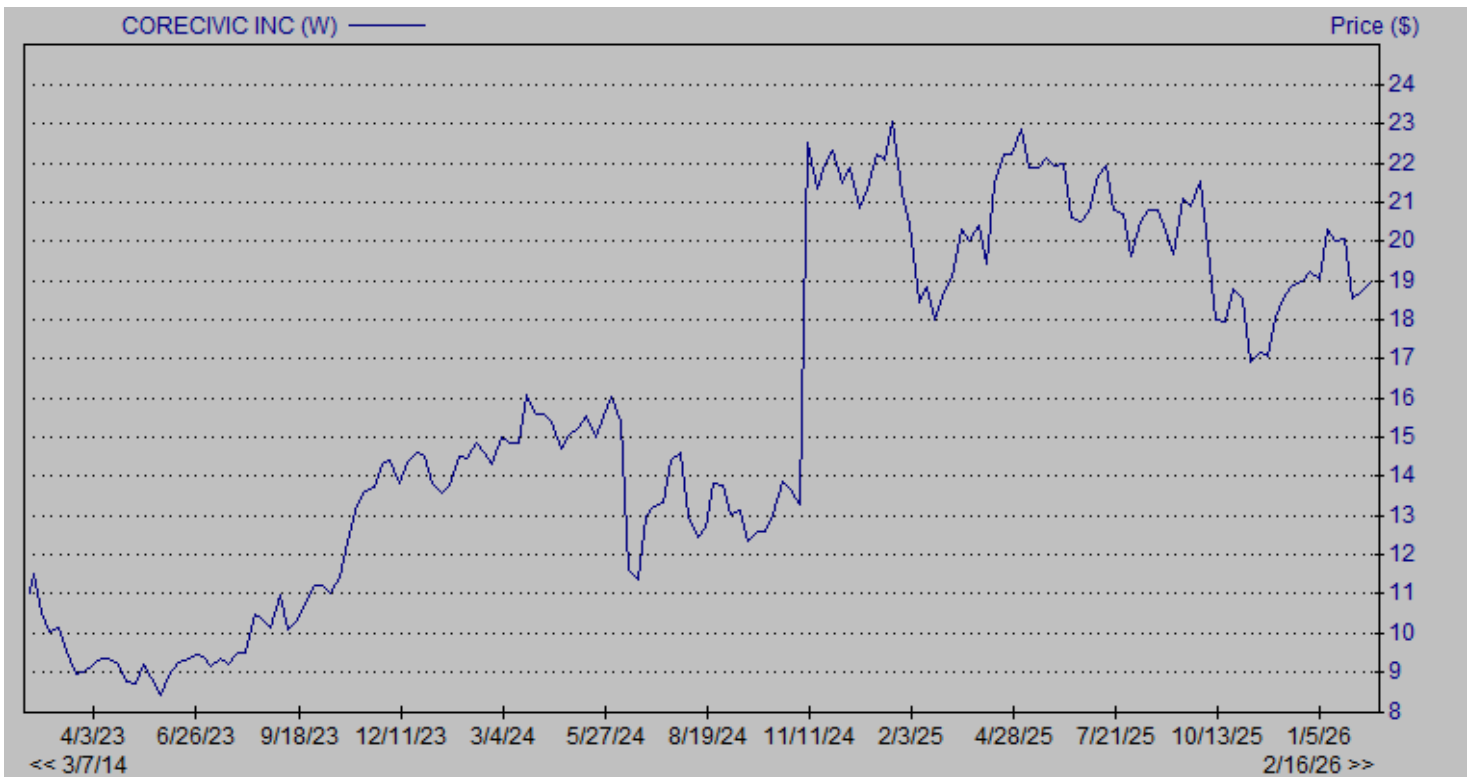
Funds From Operation (FFO)

Net income	\$25,113	\$38,543	\$26,309	\$30,138	\$120,103	\$32,252	\$39,581	\$42,333	\$42,053	\$156,218
+ D&A of real estate asset	24,598	24,920	25,916	25,939	101,373	26,057	25,839	26,507	26,462	104,864
+ Impairment of real estate assets	-	-	1,482	1,482	1,482	-	-	-	-	-
- Gain on sale of real estate assets	-	-	(2,461)	1,454	(1,007)	-	-	-	-	-
+ - Other	-	-	273	(400)	(127)	-	-	-	-	-
FFO	49,711	63,463	51,519	57,131	221,824	58,309	65,419	68,839	68,515	261,083
FFO/share	\$0.45	\$0.58	\$0.48	\$0.55	\$2.06	\$0.56	\$0.63	\$0.67	\$0.68	\$2.54
+ M&A expenses	-	1,538	781	697	3,016	-	-	-	-	-
+ Balance sheet related expenses	-	-	-	-	-	-	-	-	-	-
+ - Other asset impairments	-	-	-	-	-	-	-	-	-	-
+ - Tax assoc. w/special items	-	(427)	(218)	(192)	(837)	-	-	-	-	-
+ - Other	-	-	-	-	-	-	-	-	-	-
Normalized FFO	49,711	64,574	52,082	57,636	224,003	58,309	65,419	68,839	68,515	261,083
Normalized FFO/share	\$0.45	\$0.59	\$0.48	\$0.55	\$2.08	\$0.56	\$0.63	\$0.67	\$0.68	\$2.54

Source: Company reports, Zacks estimates

*Adj net income adjusts for highlighted items in FFO lines

HISTORICAL STOCK PRICE



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