

Zacks Small-Cap Research

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CoreCivic, Inc.

(CXW-NYSE)

CXW: Raising Estimates on Reopening of Midwest Regional Reception Center

CXW announced today that it expects to begin ramping occupancy at the previously idled 1,033-bed Midwest Regional Reception Center shortly. CXW expects Midwest Regional to contribute ~\$0.05-\$0.06/share to 2026 EPS, which we expect to be back-half weighted. We are raising our estimates and valuation. Recent operating results have also benefitted from higher ICE & other populations, higher avg per diem rates & multiple new contracts coming online.

OUTLOOK

We believe the resumption of operations at multiple facilities underscores ICE and other government entities' need for capacity and CXW's longstanding role in supplying capacity and related services. The company's strong pipeline and recent new business wins or contract extensions reflect CXW's ability to provide solutions to government customers, in our view. We remain optimistic about operating trends going forward. Moreover, we view CXW's enhanced financial flexibility with a recent amended credit agreement and increased share buyback authorization as positives.

Current Price (3/10/26) \$17.72
Valuation \$31.00

SUMMARY DATA

52-Week High \$23.54
52-Week Low \$15.74
One-Year Return (%) -11.8
Beta 0.66
Average Daily Volume (sh) 1,020,389

Shares Outstanding (mil) 98
Market Capitalization (\$mil) \$1,731
Short Interest Ratio (days) 2.7
Institutional Ownership (%) 43
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 16
P/E using 2025 EPS 16
P/E using 2026 Estimate 11

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	641 E	668 E	671 E	2,585 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	\$0.44 E	\$0.44 E	\$1.56 E

Qs might not sum reflecting rounding

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RAISING ESTIMATES ON REOPENING OF MIDWEST REGIONAL RECEPTION CENTER

Reactivating idled facilities adds capacity to meet ICE's growing needs

CoreCivic (NYSE: CXW) has reactivated several idled facilities as new ICE contracts have closed, including the:

- 2,560-bed California City Immigration Processing Center
- 2,400-bed leased South Texas Family Residential Center
- 600-bed West Tennessee Detention Facility
- 2,160-bed Diamondback Correctional Facility
- 1,033-bed *Midwest Regional Reception Center in Leavenworth, Kansas shortly*

CXW announced today that its application for a Special Use Permit (SUP) at the 1,033- bed Midwest Regional Reception Center in Leavenworth, Kansas has been approved. The company entered into a Letter Contract with ICE effective March 7, 2025, to re-activate the facility but activities, including staff hiring efforts, were interrupted by a lawsuit the City of Leavenworth filed alleging that a SUP is required to operate the center. With the SUP approval, CXW expects to begin the occupancy process shortly.

CXW's agreement with ICE provides for a fixed monthly payment plus an incremental per diem payment based on detainee populations and the company expects Midwest Regional to contribute about \$0.05 to \$0.06 in added EPS over the balance of 2026, including start-up costs and phased intake operations. We expect this to be back-half weighted. CXW had previously indicated that annual revenue is expected to be about \$60 million once the center is fully ramped.

We are raising our estimates and valuation to include the anticipated contribution from the Midwest Regional Reception Center. The company's recent operating results have also benefitted from 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. New business has closed at a pace the company has not experienced in some time and CXW is also in discussions with ICE and other government partners for other contracts, including to reactivate additional idle facilities.

We also believe the reopening of these facilities 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.

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. CXW still has additional idled capacity that it can bring back online.

Enhanced financial flexibility; amended credit agreement increases liquidity

In addition, CXW has strengthened its balance sheet and has substantial liquidity to support operations, buybacks and growth measures, in our view. To enhance its financial flexibility, CXW recently 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. 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 underscores company's positive outlook

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.

VALUATION

Raising valuation on higher expected FFO

Despite the high level of activity, CXW 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 apply a multiple of about 12x to our revised 2026 normalized FFO estimate (below their historical average multiple of about 13-14x this metric, primarily reflecting increased headline risk). This leads to an expected valuation of about \$31 per share, up from \$29.50 earlier.

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.

- The company might not be able to renew existing contracts or secure alternative utilization as contracts expire.
- 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 March 11, 2026, CXW announced the reopening of the Midwest Regional Reception Center.
- On February 11, 2026, CXW reported 2025 results.
- 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.

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	\$640,535	\$667,698	\$670,848	\$2,584,979
Y/Y % change	-2.4%	9.8%	18.1%	26.0%	12.7%	24.0%	19.0%	15.0%	11.1%	16.9%
Operating expense	374,737	398,342	449,556	469,893	1,692,528	457,453	481,682	497,435	500,117	1,936,687
General and administrative	36,016	43,882	45,288	44,394	169,580	47,442	47,976	49,410	49,643	194,470
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	565,053	582,665	586,010	2,273,598
Operating income	47,356	64,833	50,723	59,375	218,687	66,028	75,481	85,033	84,838	311,381
Operating margin	9.7%	12.0%	8.7%	9.8%	9.9%	10.9%	11.8%	12.7%	12.6%	12.0%
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	54,468	63,601	62,978	226,473
Taxes	(6,977)	(13,716)	(10,251)	(9,729)	(40,673)	(13,173)	(15,523)	(18,126)	(17,949)	(64,772)
Net income	25,113	38,543	26,309	30,138	116,503	32,252	38,945	45,475	45,029	161,701
Adj net income*	25,113	39,654	26,166	31,697	119,030	32,252	38,945	45,475	45,029	161,701

Per share data

EPS	\$0.23	\$0.35	\$0.24	\$0.29	\$1.08	\$0.31	\$0.38	\$0.44	\$0.44	\$1.56
Adj EPS	\$0.23	\$0.36	\$0.24	\$0.30	\$1.10	\$0.31	\$0.38	\$0.44	\$0.44	\$1.56
Average shares outstanding	110,458	109,169	107,521	103,991	107,785	103,751	103,361	103,322	103,283	103,429

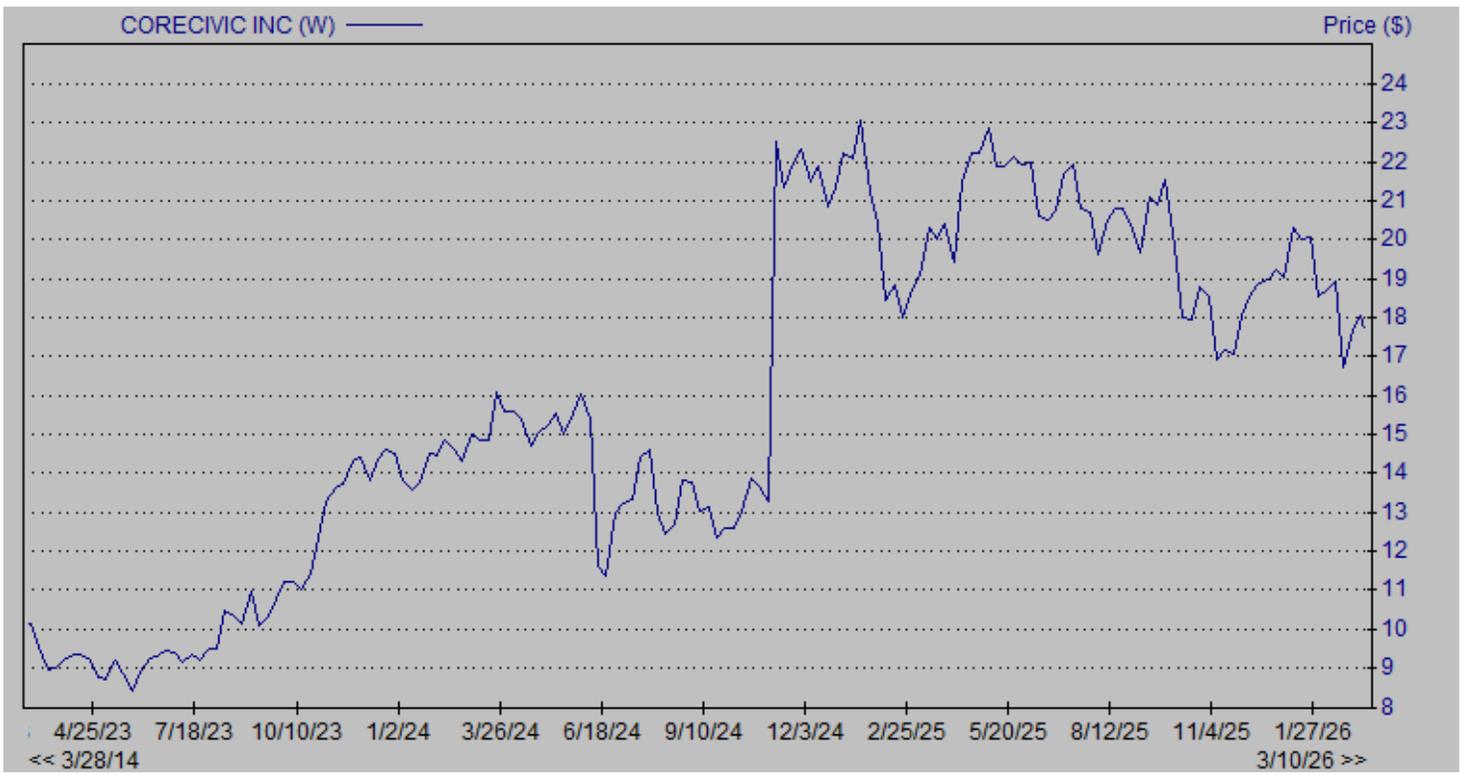
Funds From Operation (FFO)

Net income	\$25,113	\$38,543	\$26,309	\$30,138	\$120,103	\$32,252	\$38,945	\$45,475	\$45,029	\$161,701
+ 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	64,783	71,981	71,492	266,565
FFO/share	\$0.45	\$0.58	\$0.48	\$0.55	\$2.06	\$0.56	\$0.63	\$0.70	\$0.71	\$2.60
+ 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	64,783	71,981	71,492	266,565
Normalized FFO/share	\$0.45	\$0.59	\$0.48	\$0.55	\$2.08	\$0.56	\$0.63	\$0.70	\$0.71	\$2.60

Source: Company reports, Zacks estimates

*Adj net income adjusts for highlighted items in FFO lines

HISTORICAL STOCK PRICE



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