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CoreCivic, Inc. (CXW-NYSE)

1Q26 First Look: Strong Momentum & Benefits of Growth Initiatives

Research Note

CoreCivic (NYSE: CXW) reported 1Q26 results yesterday after the close that CXW believe illustrate the strong momentum in the company's business and benefits of its growth initiatives. Reflecting the re-activation of four previously idled facilities since 1Q25 (adding more than 7,700 beds) and acquisition of the Farmville Detention Center on July 1, 2025, total revenue of $614.7 million increased 25.8% y/y. Revenue from ICE increased 96.2% to $261.3 million and revenue from state customers increased 3.6%.

1Q26 net income was $37.9 million and EPS was $0.38, compared with $25.1 million and $0.23, respectively, in 1Q25. EPS benefited from employee retention credits and a 10.1% decrease in average shares outstanding as the company repurchases shares. Adjusted EPS was $0.40 compared to $0.23.

Occupancy levels increased to 79.6% compared with 77.0%. CXW expects further increases in 2H 2026 as demand from federal, state, and local governments increase.

Results in 1Q26 were partially offset by a transition in inmate populations at the 2,552-bed Trousdale Turner Correctional Center that temporarily lowered populations and raised expenses there. As the population at this facility ramps, occupancy and margins are expected to increase.

Normalized Funds From Operations (FFO) for 1Q26 was $0.64 per share, compared with $0.45 in 1Q25. Adjusted EBITDA was $110.1 million in 1Q26, up from ~$81.0 in 1Q25.

CXW acquired Clinical Solutions Pharmacy (CSP), one of the largest domestic providers of mail order pharmacy services to correctional facilities for $148.0 million plus a potential earnout. CSP serves 600+ correctional facilities across 28 states, including CXW's. The acquisition helps diversify CXW's revenue and cash flows into an adjacent business that management believes has significant runway to grow.

The CSP transaction was funded with cash on hand and borrowings and CXW obtained a $100 million incremental term loan subsequent to quarter-end at 0.25% above its initial term loan / revolving facility. It matures on April 9, 2027, and CXW has indicated that it would be open to opportunistic asset sales to refinance it.

CXW repurchased 2.3 million shares at an aggregate $44.7 million. Since the share repurchase program began in May 2022 through March 31, 2026, CXW has repurchased 28.1 million shares at an aggregate $444.2 million, or $15.82 per share, with $255.8 million remaining under the plan as of March 31, 2026.

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Reactivation at the 1,033-bed Midwest Regional Reception Center in Leavenworth, Kansas started on March 12, 2026. CXW expect this facility to reach stabilized occupancy in 3Q26 and contribute ~$0.05 to $0.06 in incremental EPS over the remainder of 2026.

Reflecting strong 1Q26 results and the acquisition of CSP, CXW raised 2026 guidance.

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