

# Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

M. Marin  
312-265-9211  
mmari@zacks.com

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

## CoreCivic, Inc.

(CXW-NYSE)

### CXW: Expect Continued Momentum Reflecting Reconciliation & Potential New Contracts & Asset Sales

We expect continued momentum for CXW. Among other factors, Reconciliation funds immigration enforcement agencies through the administration's term, potentially facilitating opportunities for new contracts and/or potential asset sales. We believe increased liquidity under an asset sale / management contract model could enable CXW to make additional tuck-in acquisitions in adjacent growth areas as it did with the recent CSP transaction & other measures.

### OUTLOOK

Per a proposed DHS/ICE contract, "DHS/ICE intends to procure comprehensive detention services..." & needs to increase bed capacity for the ICE St. Paul Minnesota Field Office, with CXW's idled 1,600-bed Prairie Correctional Facility in Appleton, Minnesota as the "only one responsible source" that meets ICE requirements in the timeframe. The proposed contract would have an initial five year term. It would not surprise us if CXW's Prairie Correctional Facility were being considered under the asset sale / management model, as well as a traditional model, depending on which works best in the timeframe.

Current Price (6/10/26) \$25.18  
Valuation \$31.00

### SUMMARY DATA

52-Week High \$26.97  
52-Week Low \$15.74  
One-Year Return (%) 23  
Beta 0.68  
Average Daily Volume (sh) 1,154,417

Shares Outstanding (mil) 99  
Market Capitalization (\$mil) \$2,492  
Short Interest Ratio (days) 2.0  
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 20  
P/E using 2025 EPS 23  
P/E using 2026 Estimate 16

Risk Level  
Type of Stock  
Average, Mid-Value

### ZACKS ESTIMATES

#### Revenue (in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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	615 A	622 E	668 E	671 E	2,575 E

#### Adj EPS / Loss per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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	\$0.40 A	\$0.32 E	\$0.43 E	\$0.44 E	\$1.60 E

Qs might not sum reflecting rounding

Disclosures page 8

## EXPECT CONTINUED MOMENTUM FOR CXW

### *Outlook reflects Reconciliation, potential new ICE contracts & potential asset sales*

We expect continued momentum for CoreCivic (NYSE: CXW) and believe several recent factors support this view, including, among other factors:

- Reconciliation - passage of funding bill
- New contracts with ICE, others
- Potential asset sales

### *Bill to fund ICE, Border Patrol signed yesterday*

Earlier in 2026, there had been a reduction of ICE detention populations industrywide, in part reflecting the government partial shutdown. ICE populations peaked at the end of January 2026 for the agency nationally and declined subsequently, reflecting the government shutdown and redeployment of many ICE agents to TSA checkpoints, among other factors. However, yesterday the president signed a bill to fund immigration enforcement agencies through the end of the current administration. The bill for [\\$70](#) billion was passed through a budget [reconciliation](#) process. It is expected to lead to resumed ICE demand for capacity.

### *New business opportunities with ICE and other government partners*

Homeland Security (DHS) and Immigration and U.S. Customs Enforcement (ICE) filed a proposal for a [contract](#) last week, as “DHS/ICE intends to procure comprehensive detention services (housing, guards, meals, medical care, transportation) on a sole source basis.” This would seem to support increased ICE demand for capacity beginning shortly. The ICE Saint Paul Minnesota Field Office noted that “DHS/ICE needs to increase bed capacity to meet the administration’s... goals.” ICE intends to procure detention services and sees Core Civic’s Prairie detention facility as the “only one responsible source” that meets ICE requirements in the timeframe. CXW’s idled Prairie Correctional Facility is located in Appleton, Minnesota. It has capacity for 1,600 beds.

The proposed contract would have an initial five year term. The facility must also be fully operational within a reasonable time of the contract award date. To fulfill new ICE contracts, CXW has already reactivated several idled facilities.

#### Reactivated facilities

- 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
- *1,600-bed Prairie Correctional Facility in Appleton, Minnesota (potentially)*

### *Believe potential asset sales could enhance liquidity*

Separately, we believe the bill potentially could also accelerate ICE’s strategy to own facilities and contract for outsourced management services. ICE has indicated its interest in owning certain assets that are managed on a turnkey basis strategically. According to trade publications, [ICE](#) has made acquisitions recently in Salt Lake City, Utah, Surprise, Arizona, San Antonio, Texas and other regions, with the plan to retrofit them. However, the plan has encountered issues, including opposition from several entities regarding zoning and/or environmental challenges, as well as potential challenges that retrofit timelines will be too difficult to reach.

Conversely, CXW facilities are purpose built for needs of ICE and other government entities. CXW owns facilities that are modern and designed to provide services that could make them a turnkey solution for the agency. While difficult to forecast the price point of a potential asset sale – depending on location, size and other factors – CXW’s facilities are special purpose assets that would require minimal or potentially no investment. In tandem with a new contract for CXW to manage the facility, potential opportunistic asset sales could further enhance CXW’s liquidity, thereby freeing capital for allocation to other measures designed to enhance shareholder value. It would not surprise us if CXW’s Prairie Correctional Facility were being considered under this model.

### ***CSP acquisition – to diversify revenue, cash flows into adjacent growth business***

Increased liquidity under an asset sale/management contract model could enable CXW to make additional tuck-in acquisitions in adjacent service sectors as it did recently when it acquired Clinical Solutions Pharmacy (CSP). CSP is 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 by adding new customers, including those which currently provide these services in-house, and potentially consolidating the business niche, combined with the anticipated growth of aging prison populations. Moreover, CXW expects its ability to provide a broader array of services to its government customers can enhance its opportunities and potentially create cross-selling opportunities. CSP has strong customer relationships, according to CXW.

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 (see below). It matures on April 9, 2027, and CXW has indicated that it would be open to opportunistic asset sales to refinance it.

### ***Consolidated occupancy level reached 79.6%, up from 77.0%***

Reflecting new business, CXW's consolidated occupancy levels increased to 79.6% in 1Q26 compared with 77.0%. CXW expects further increases in 2H 2026 as demand from federal, state, and local governments increases. The number of detainees in CXW facilities under contracts with ICE has increased by about 44.7%, roughly 4,500 people, since the beginning of 2025 through March 31, 2026. The average daily population managed across all CXW facilities was 57,243 in 1Q26, up from 51,429 in 1Q25.

In addition to higher ICE populations in recent quarters (a trend that might be temporarily constrained in 2Q26), the company's operating results have also benefitted from higher 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, as CXW still has additional idled capacity that it can bring back online. CXW has five idle correctional facilities containing ~7,000 beds as of March 31, 2026, and which are operated with a core staff in order to remain available to be reactivated quickly and which are being actively marketed as solutions to ICE and others.

### ***Substantial liquidity to support operations, buybacks and growth measures***

CXW has also strengthened its balance sheet and has substantial liquidity to support operations, buybacks and growth measures, in our view. To enhance its financial flexibility, as indicated, CXW added a \$100 million incremental term loan subsequent to 1Q26, after amending its credit agreement to expand the revolving credit facility to \$575 million effective December 1, 2025, from \$275 million. As of March 31, 2026, CXW had \$224.3 million of cash and restricted cash and an additional \$131.3 million of borrowing capacity under the revolving credit facility, for total liquidity of about \$341 million.

The company's 2.8x, TTM Debt leverage ratio at the end of 1Q26 is at the low end of its target range and CXW generates strong cash flow. Reflecting the company's operating leverage, business momentum and renewal rate on its facilities over the past five years (CXW has a 96.4% 5-year retention rate), among other factors, we are optimistic about CXW's opportunity to continue generating stable cash flow.

### ***Share repurchases remain priority***

CXW repurchased 2.3 million shares at an aggregate cost of \$44.7 million in 1Q26, as it believes CXW shares are undervalued and has prioritized share repurchases as a capital allocation priority. These repurchases follow the repurchase of 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 end of 1Q26, CXW has repurchased an aggregate 28 million shares, reflecting its positive outlook on its business and goal to deliver shareholder value.

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

We believe CXW remains well positioned for new and expanded agreements with ICE and other partners and anticipate a strong 2026. Nevertheless, CXW shares trade well below historical multiple levels. We believe unwarranted concerns about ICE populations have overhung the shares. 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 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) and apply a ~92% confidence adjustment reflecting the potential that ICE populations take longer than expected to resume the earlier growth trajectory. This leads to an expected valuation of about \$31 per share.

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

- CXW reported 1Q26 results on May 6, 2026.
- On March 11, 2026, CXW announced the reopening of the Midwest Regional Reception Center.
- 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	1Q26A	2Q26E	3Q26E	4Q26E	2026E
Revenue	\$488,627	\$538,165	\$580,437	\$603,953	\$2,211,182	\$614,729	\$622,081	\$667,698	\$670,848	\$2,575,356
Y/Y % change	-2.4%	9.8%	18.1%	26.0%	12.7%	25.8%	15.6%	15.0%	11.1%	16.5%
Operating expense	374,737	398,342	449,556	469,893	1,692,528	467,719	478,380	504,112	502,130	1,952,341
General and administrative	36,016	43,882	45,288	44,394	169,580	43,676	43,546	49,410	50,314	186,945
Depreciation and amortizati	30,518	31,108	33,388	33,891	128,905	33,335	33,902	34,309	34,720	136,265
Shareholder litigation expense / other	-	-	-	-	-	-	-	-	-	-
Impairments / other	-	-	1,482	-	1,482	-	-	-	-	-
Total operating expense	441,271	473,332	529,714	548,178	1,992,495	544,730	555,827	587,830	587,164	2,275,551
Operating income	47,356	64,833	50,723	59,375	218,687	69,999	66,253	79,868	83,685	299,805
Operating margin	9.7%	12.0%	8.7%	9.8%	9.9%	11.4%	10.7%	12.0%	12.5%	11.6%
Interest expense, net	15,231	12,539	16,628	17,831	62,229	17,681	21,924	22,494	22,944	85,044
Other (income) expense	35	35	(2,465)	1,677	(718)	8	40	40	40	128
	15,266	12,574	14,163	19,508	61,511	17,689	21,964	22,534	22,984	85,172
Pretax income	32,090	52,259	36,560	39,867	157,176	52,310	44,289	57,333	60,700	214,632
Taxes	(6,977)	(13,716)	(10,251)	(9,729)	(40,673)	(14,394)	(12,135)	(14,333)	(16,996)	(57,859)
Net income	25,113	38,543	26,309	30,138	116,503	37,916	32,154	43,000	43,704	156,774
Adj net income*	25,113	39,654	26,166	31,697	119,030	39,661	32,154	43,000	43,704	158,519
<b>Per share data</b>										
EPS	\$0.23	\$0.35	\$0.24	\$0.29	\$1.08	\$0.38	\$0.32	\$0.43	\$0.44	\$1.58
Adj EPS	\$0.23	\$0.36	\$0.24	\$0.30	\$1.10	\$0.40	\$0.32	\$0.43	\$0.44	\$1.60
Average shares outstanding	110,458	109,169	107,521	103,991	107,785	99,326	99,287	99,267	99,247	99,282

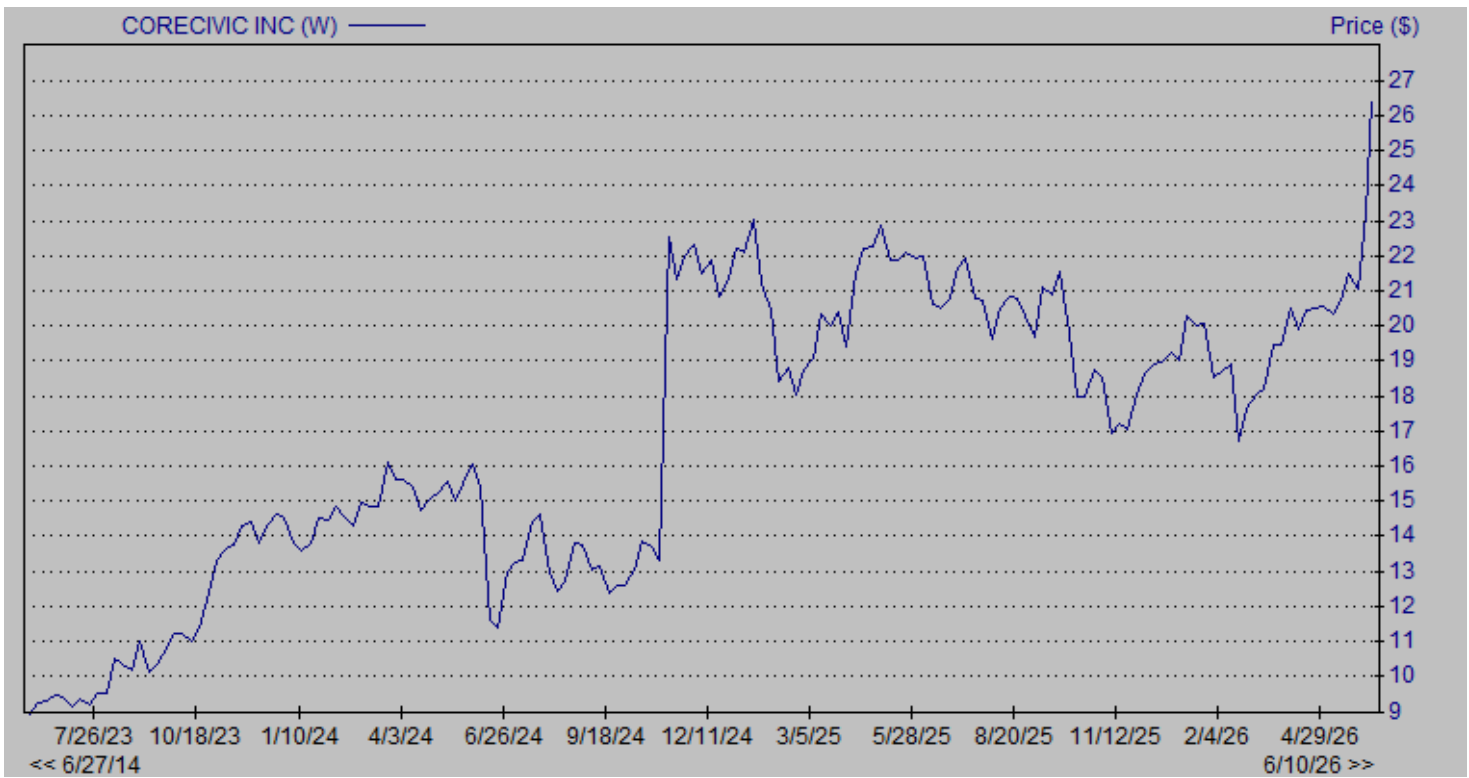
### Funds From Operation (FFO)

Net income	\$25,113	\$38,543	\$26,309	\$30,138	\$120,103	\$37,916	\$32,154	\$43,000	\$43,704	\$156,774
+ D&A of real estate asset	24,598	24,920	25,916	25,939	101,373	25,394	26,301	26,617	26,936	105,247
+ Impairment of real estate assets	-	-	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	63,310	58,455	69,617	70,640	262,021
FFO/share	\$0.45	\$0.58	\$0.48	\$0.55	\$2.06	\$0.64	\$0.59	\$0.70	\$0.73	\$2.66
+ M&A expenses	-	1,538	781	697	3,016	2,424	-	-	-	2,424
+ Balance sheet related expenses	-	-	-	-	-	-	-	-	-	-
+ - Other asset impairments	-	-	-	-	-	-	-	-	-	-
+ - Tax assoc. w/special items	-	(427)	(218)	(192)	(837)	(679)	-	-	-	(679)
+ - Other	-	-	-	-	-	-	-	-	-	-
Normalized FFO	49,711	64,574	52,082	57,636	224,003	65,055	58,455	69,617	70,640	263,766
Normalized FFO/share	\$0.45	\$0.59	\$0.48	\$0.55	\$2.08	\$0.65	\$0.59	\$0.70	\$0.73	\$2.67

Source: Company reports, Zacks estimates

\*Adj net income adjusts for highlighted items in FFO lines

# HISTORICAL STOCK PRICE



## DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

### ANALYST DISCLOSURES

I, M. Marin, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

### INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

### POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business. SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

### ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

### CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.