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CoreCivic, Inc. (CXW-NYSE)

CXW: Accelerated Share Repurchase Agreement Underscores CXW's Confidence in its Outlook & Prospects

CXW has entered into an accelerated share repurchase (ASR) agreement to repurchase $500m of its shares under its existing $755.8m authorization, which includes a recent $500m increase. Both the ASR & increase underscore CXW's confidence in its outlook & prospects, we believe. Once the ASR is completed, CXW expects ~$255.8m will remain for repurchases under the existing authorization.

Current Price (8/10/26)	$33.00
Valuation	**$40.00**

OUTLOOK

We view it positively that CXW has formed the ASR agreement, monetized assets with little to no expected impact on cash flow, deleveraged and added a complementary revenue stream recently. Asset sales de-risk CXW's fixed asset exposure to ICE, which we view positively as future administrations might not greenlight ICE spending at similar levels to the current administration. Moreover, we like CXW's diversification efforts now, while its book of existing and potential business is robust, as a positive aimed at enabling future growth opportunities.

SUMMARY DATA

52-Week High	**$34.86**
52-Week Low	**$15.74**
One-Year Return (%)	**59**
Beta	**0.59**
Average Daily Volume (sh)	**1,261,227**
Shares Outstanding (mil)	**99**
Market Capitalization ($mil)	**$3,267**
Short Interest Ratio (days)	**1.8**
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	**25**
P/E using 2025 EPS	**30**
P/E using 2026 Estimate	**19**

Risk Level	**Average,**
Type of Stock	**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	685 A	695 E	709 E	2,704 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	$0.38 A	$0.42 E	$0.54 E	$1.73 E

Qs might not sum reflecting rounding

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NEW $500 MILLION ACCELERATED SHARE REPURCHASE AGREEMENT

Believe accelerated share repurchase agreement underscores CXW's confidence in its outlook & prospects

CoreCivic (NYSE: CXW) has entered into an accelerated share repurchase (ASR) agreement with a financial institution to repurchase $500 million of its shares under its existing $755.8 million authorization. The company recently increased the authorization by an additional $500 million. Once the ASR is completed, CXW expects about $255.8 million will remain for share repurchases under the existing share repurchase authorization. Following a $500 million payment to the financial institution today, CXW expects an initial delivery of roughly 12.4 million CXW shares. The number of shares in total repurchased under the ASR, which is expected to finish prior to the end of 2Q27, will depend on market conditions and the price of CXW shares.

We believe this underscores the company's confidence in its business outlook and prospects. It follows the company's report last week of a 2Q26 beat that we believe illustrates the strong momentum in the company's business and benefits of its growth initiatives. Revenue of $684.9 million advanced 27.3% year-over-year and exceeded our $622.1 million revenue forecast and the consensus estimate of $618.6 million. CXW generated revenue of $538.2 million in 2Q25. The company reported adjusted EPS of $0.38 compared to our $0.32 forecast, the consensus estimate of $0.34 and $0.36 in 2Q25. Normalized Funds From Operations (FFO) for 2Q26 was $0.64 per share, compared with $0.59 in 2Q25. Adjusted EBITDA was $109.4 million, up from $103.3 million in 2Q25.

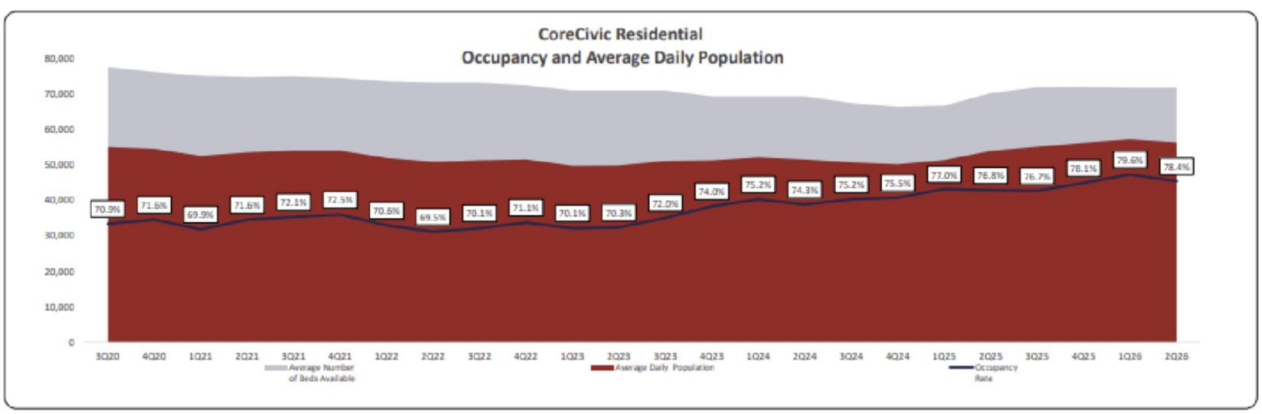
Following the substantial 2Q26 beat and ASR, CXW raised 2026 guidance. CXW expects 2026 adjusted net income to range from $157.5 million ($1.64/share) to $165 million ($1.73/share), up from earlier guidance of $149.5 million to $159.5 million prior to 2Q26 and the ASR. CXW expects 2026 normalized FFO per share of $2.68 to $2.77, compared to $2.58 to $2.68 earlier, and adjusted EBITDA of $434.5 million to $439.5 million.

Business momentum continues, with new business opportunities with ICE and other government partners

Moreover, the company continues to win new business, monetize assets while concurrently securing management contracts or strong prospects to secure management contracts to continue managing the facility. For example, CXW recently announced a new contract with ICE to utilize its 1,600-bed Prairie Correctional Facility, which had been idle since 2010. The company also announced the sale of the Prairie Correctional Facility, as well as of other assets that are purpose-built facilities designed specifically to support needs of ICE and other government partners.

Consolidated occupancy level reached 78.4%, up from 76.8%

Reflecting new business, CXW's consolidated occupancy levels Occupancy levels in the company's Residential segment improved to 78.4% compared to 76.8% in 2Q25. CXW expects occupancy levels to continue to rise and contribute to increasing operating margins over time. CXW expects further increases in 2H 2026 as demand from federal, state, and local governments increases. Occupancies were down slightly sequentially, as expected reflecting external factors, but are expected to resume upward trends in 2H26.



Source: [Company presentation]

In addition to higher ICE populations in recent quarters, 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. 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)

Asset sales de-risk CXW fixed asset ICE exposure

CXW completed the sale of several facilities to government partners and expects a 1-time gain of about $1.3 billion. For example, the facilities are the 2,560-bed California City Detention Facility in California City, California (which was sold for ~$732.6 million) and 1,994-bed Otay Mesa Detention Center in San Diego, California ($739.2 million). CXW expects to continue to manage both facilities under existing contracts with ICE (the California City contract expires in August 2027 and the Otay Mesa contract expires in December 2029, with a five-year extension option), with contract terms potentially modified to reflect the change in ownership. We would expect potential contract modifications to have minimal impact on CXW's EBITDA and cash flow metrics, or perhaps slightly positive impact when taking facility maintenance / OpEx spending into account.

We therefore view it positively that CXW has monetized these assets with little to no expected impact on cash flow. Separately, the asset sales de-risk CXW's exposure to ICE somewhat, which we also view positively. Although ICE is funded through 2029, future administrations might not greenlight ICE detention spending at similar levels. Moreover, we view CXW's diversification efforts now, while its book of existing and potential business is robust, as a positive aimed at enabling future growth opportunities.

Moreover, CXW is also engaged in discussions with ICE about potential sales of additional facilities. CXW facilities are purpose built for needs of ICE and other government entities. CXW facilities generally are modern and designed to provide services that could make them a turnkey solution for government agencies. It would not surprise us if CXW's Prairie Correctional Facility were being considered under this model.

Believe asset sales support measures to generate growth, shareholder value

We believe the cash infusion from asset sales, share repurchases and deleveraging measures enable CXW to make additional tuck-in acquisitions in adjacent service sectors opportunistically, which is another positive, in our view. CXW did this 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 an expected roughly $51 million 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 company has indicated that it might explore at-home detention monitoring as another diversification into adjacent areas.

Balance sheet stronger; substantial liquidity to support buybacks – a capital allocation priority – and growth measures

CXW has substantial liquidity to support operations, buybacks and growth measures, in our view. The company's 2.9x, TTM Debt leverage ratio at the end of 2Q26 is at the low end of its target range and CXW generates strong cash flow. Moreover, the company announced the redemption of its senior notes due 2027 and, reflecting the cash from asset sales, net debt is expected to drop. Reflecting the company's operating leverage, business momentum and renewal rate on its facilities over the past five years (CXW has a 96.7% 5-year retention rate), among other factors, we are optimistic about CXW's opportunity to continue generating stable cash flow.

With the asset sales and deleveraging measures, CXW has no major debt maturities before 2027 and has enhanced its flexibility to repurchase shares and make tuck-in acquisitions.

CXW has earmarked net proceeds of asset sales for general corporate purposes, potentially including debt reduction and share repurchases, which we believe remains a priority allocation of capital. CXW did not repurchase shares in 2Q26 because it was constrained due to pending asset sales but it expanded the share repurchase authorization by $500 million to maintain and potentially expand share repurchases depending on market conditions. CXW repurchased 2.3 million shares at an aggregate $44.7 million in 1Q26 and since the share repurchase program began in May 2022 through June 30, 2026, CXW has repurchased 28.1 million shares at an aggregate $444.2 million, or $15.82 per share.

VALUATION

Believe asset sales, share repurchases, deleveraging + potential tuck-ins derisk CXW's core business & likely lead to further share price multiple expansion

We believe the cash infusion from asset sales, share repurchases and deleveraging measures plus potential additional opportunistic tuck-in acquisitions in adjacent service sectors further derisk CXW's core business and likely lead to further share price multiple expansion. We are also optimistic about CXW's opportunity to continue generating stable and growing cash flow. The company's renewal rate on its facilities over the past five years averages a high 96+%, as noted. Reflecting the momentum CXW is experiencing with contract wins, combined with its efficiency and balance sheet measures, we anticipate further multiple expansion on CXW shares.

We note that the transaction price from recent asset sales implies an average price per bed of ~$323K. If the transaction price / bed were applied to CXW's portfolio, it would imply a valuation above $18 billion compared to pro forma enterprise value of ~$3.2 billion. We do not expect the shares to trade at a private market valuation but note that it underscores, we believe, that CXW shares do not reflect the full value of the company's overall portfolio and its operating potential.

We also 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 revised multiple just above 14x (versus ~13x earlier) to our 2026 normalized FFO estimate (versus their historical average multiple of about 13-14x this metric). This leads to an expected valuation of about $40 per share rounded up, up from $36 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

- CXW announced the ASR on August 10, 2026.
- CXW reported 2Q26 results on August 5, 2026.
- On July 13, 2026, CXW announced redemption of its 4.750% senior notes due in 2027.
- CXW announced sale of two facilities on July 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.

FINANCIAL MODEL

CoreCivic

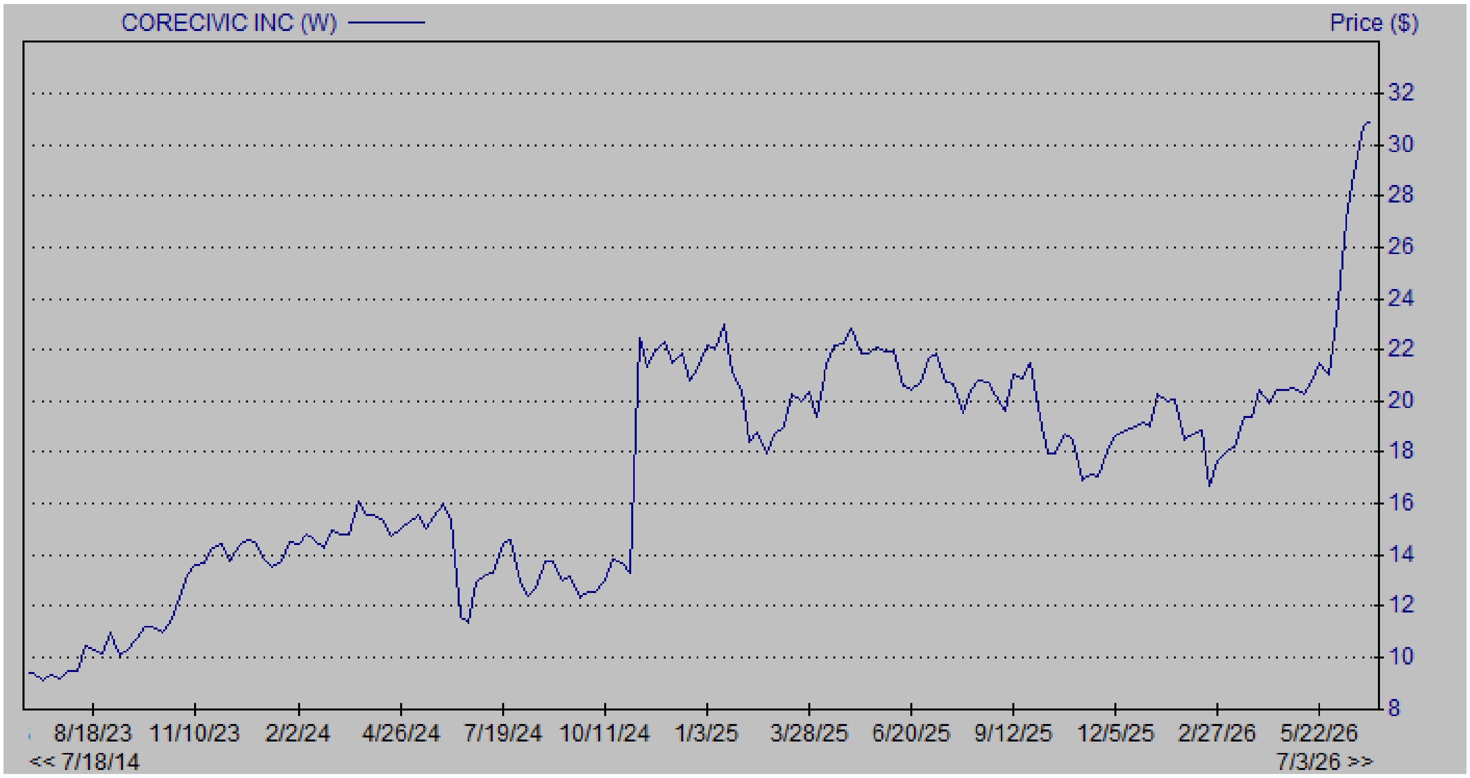
Core Civic Income Statement & Projections ($000s except per share data)

	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E
Revenue	$488,627	$538,165	$580,437	$603,953	$2,211,182	$614,729	$684,917	$695,191	$709,095	$2,703,931
Y/Y % change	*-2.4%*	*9.8%*	*18.1%*	*26.0%*	*12.7%*	*25.8%*	*27.3%*	*19.8%*	*17.4%*	*22.3%*
Operating expense	374,737	398,342	449,556	469,893	1,692,528	467,719	535,983	539,468	543,166	2,086,336
General and administrative	36,016	43,882	45,288	44,394	169,580	43,676	44,126	44,492	45,737	178,031
Depreciation and amortizati	30,518	31,108	33,388	33,891	128,905	33,335	35,814	34,740	34,010	137,899
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	615,923	618,700	622,913	2,402,266
Operating income	47,356	64,833	50,723	59,375	218,687	69,999	68,994	76,491	86,181	301,665
Operating margin	9.7%	12.0%	8.7%	9.8%	9.9%	11.4%	10.1%	11.0%	12.2%	11.2%
Interest expense, net	15,231	12,539	16,628	17,831	62,229	17,681	22,279	20,499	19,269	79,727
Other (income) expense	35	35	(2,465)	1,677	(718)	8	(797)	(4,200)	40	(4,949)
	15,266	12,574	14,163	19,508	61,511	17,689	21,482	16,299	19,309	74,778
Pretax income	32,090	52,259	36,560	39,867	157,176	52,310	47,512	60,192	66,873	226,887
Taxes	(6,977)	(13,716)	(10,251)	(9,729)	(40,673)	(14,394)	(10,374)	(15,650)	(17,387)	(57,805)
Net income	25,113	38,543	26,309	30,138	116,503	37,916	37,138	44,542	49,486	169,082
Adj net income*	25,113	39,654	26,166	31,697	119,030	39,661	37,680	40,342	49,486	167,169
Per share data										
EPS	$0.23	$0.35	$0.24	$0.29	$1.08	$0.38	$0.37	$0.47	$0.54	$1.75
Adj EPS	$0.23	$0.36	$0.24	$0.30	$1.10	$0.40	$0.38	$0.42	$0.54	$1.73
Average shares outstandin	110,458	109,169	107,521	103,991	107,785	99,326	99,436	95,154	92,054	96,492
Funds From Operation (FFO)										
Net income	$25,113	$38,543	$26,309	$30,138	$120,103	$37,916	$37,138	$44,542	$49,486	$169,082
+ D&A of real estate asset	24,598	24,920	25,916	25,939	101,373	25,394	25,785	23,623	23,127	97,929
+ Impairment of real estate assets			1,482		1,482					-
- Gain on sale of real estate assets			(2,461)	1,454	(1,007)			(4,200)		(4,200)
+ - Other	-	-	273	(400)	(127)	-	-	-	-	-
FFO	49,711	63,463	51,519	57,131	221,824	63,310	62,923	63,965	72,613	262,811
FFO/share	$0.45	$0.58	$0.48	$0.55	$2.06	$0.64	$0.63	$0.67	$0.79	$2.72
+ M&A expenses		1,538	781	697	3,016	2,424	724	-	-	3,148
+ Balance sheet related expenses					-					-
+ - Other asset impairments					-					-
+ - Tax assoc. w/special items		(427)	(218)	(192)	(837)	(679)	(182)	-	-	(861)
+ - Other	-	-		-	-	-	-	-	-	-
Normalized FFO	49,711	64,574	52,082	57,636	224,003	65,055	63,465	63,965	72,613	265,098
Normalized FFO/share	$0.45	$0.59	$0.48	$0.55	$2.08	$0.65	$0.64	$0.67	$0.81	$2.77

Source: Company reports, Zacks estimates *Adj net income adjusts for highlighted items in FFO lines

Does not include ~$1.33b gain on asset sale expected in 3Q26; includes expected ST interest income benefit from sale as an adjustable item

HISTORICAL STOCK PRICE



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