The GEO Group Reports Second Quarter 2019 Results

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- **2Q19 Net Income Attributable to GEO of $0.35 per diluted share**
- **2Q19 Adjusted Net Income of $0.41 per diluted share**
- **2Q19 AFFO of $0.70 per diluted share**
- **Updated FY19 guidance for Net Income Attributable to GEO of $1.40-$1.44 per diluted share and Adjusted Net Income of $1.53 to $1.57 per diluted share**
- **Updated FY19 AFFO guidance of $2.69-$2.73 per diluted share**

BOCA RATON, Fla.--(BUSINESS WIRE)-- **The GEO Group, Inc. (NYSE: GEO)** ("GEO"), a fully integrated equity real estate investment trust ("REIT") and a leading provider of evidence-based offender rehabilitation and community reentry services around the globe, reported today its financial results for the second quarter of 2019.

Second Quarter 2019 Highlights

- **Net Income Attributable to GEO of $41.9 million or $0.35 per diluted share**
- **Adjusted Net Income of $0.41 per diluted share**
- **Net Operating Income of $169.2 million**
- **Normalized FFO of $0.56 per diluted share**
- **AFFO of $0.70 per diluted share**

GEO reported second quarter 2019 net income attributable to GEO of $41.9 million, or $0.35 per diluted share, compared to $37.4 million, or $0.31 per diluted share, for the second quarter 2018. GEO reported total revenues for the second quarter 2019 of $614.0 million up from $583.5 million for the second quarter 2018. Second quarter 2019 results reflect $2.6 million in start-up expenses, pre-tax, and a $5.7 million loss on the extinguishment of debt, pre-tax, related to the recent amendment and extension of GEO's senior revolving credit facility and the recent refinancing of non-recourse senior secured debt associated with the development of the Ravenhall Correctional Centre in Australia. Excluding these items, GEO reported second quarter 2019 Adjusted Net Income of $49.4 million, or $0.41 per diluted share.

GEO reported second quarter 2019 Normalized Funds From Operations ("Normalized FFO") of $66.6 million, or $0.56 per diluted share, compared to $57.7 million, or $0.48 per diluted share, for the second quarter 2018. GEO reported second quarter 2019 Adjusted Funds From Operations ("AFFO") of $83.4 million, or $0.70 per diluted share, compared to $72.2 million, or $0.60 per diluted share, for the second quarter 2018.

George C. Zoley, Chairman and Chief Executive Officer of GEO, said, "We are pleased with our strong quarterly performance and our outlook for the balance of the year, which reflect strong fundamentals and growing earnings. We are scheduled to activate 5,700 beds in the second half of the year, including 4,600 previously idle beds. We are proud of the success of our GEO Continuum of Care enhanced rehabilitation and post-release programs. We remain focused on effectively allocating capital. We believe that our current dividend payment is supported by predictable cash flows, and we expect to apply our increasing excess cash towards paying down debt."

First Six Months 2019 Highlights

- **Net Income Attributable to GEO of $82.6 million or $0.69 per diluted share**
- **Adjusted Net Income of $0.77 per diluted share**
- **Net Operating Income of $331.0 million**
- **Normalized FFO of $1.06 per diluted share**
- **AFFO of $1.37 per diluted share**

For the first six months of 2019, GEO reported net income attributable to GEO of $82.6 million, or $0.69 per diluted share, compared to $72.4 million, or $0.60 per diluted share, for the first six months of 2018. GEO reported total revenues for the first six months of 2019 of $1.22 billion up from $1.15 billion for the first six months of 2018. In addition to the aforementioned items reflected in results for the second quarter 2019, results for the first six months of 2019 reflect a $1.5 million loss on real estate assets. Excluding all of these items, GEO reported Adjusted Net Income of $91.6 million, or $0.77 per diluted share, for the first six months of 2019.

GEO reported Normalized Funds From Operations ("Normalized FFO") for the first six months of 2019 of $126.9 million, or $1.06 per diluted share, compared to $110.3 million, or $0.91 per diluted share, for the first six months of 2018. GEO reported Adjusted Funds From Operations ("AFFO") for the first six months of 2019 of $163.7 million, or $1.37 per diluted share, compared to $142.0 million, or $1.17 per diluted share, for the first six months of 2018.

2019 Financial Guidance

GEO updated its initial financial guidance for the full-year and issued financial guidance for the third and fourth quarters of 2019.

GEO expects full-year 2019 total revenue to be approximately $2.47 billion. GEO expects full-year 2019 Net Income Attributable to GEO to be in a range of $1.40-$1.44 per diluted share and Adjusted Net Income to be in a range of $1.53-$1.57 per diluted share. GEO expects full-year 2019 AFFO to be in a range of $2.69-$2.73 per diluted share and Adjusted EBITDAre to be in a range of $486 million to $491 million.

For the third quarter 2019, GEO expects total revenues to be in a range of $615 million to $620 million. GEO expects third quarter 2019 Net Income Attributable to GEO to be in a range of $0.33 to $0.35 per diluted share and Adjusted Net Income to be in a range of $0.37 to $0.39 per diluted share. GEO expects third quarter 2019 AFFO to be in a range of $0.66 to $0.68 per diluted share.

For the fourth quarter 2019, GEO expects total revenues to be in a range of $630 million to $635 million. GEO expects fourth quarter 2019 Net Income Attributable to GEO to be in a range of $0.37 to $0.39 per diluted share and Adjusted Net Income to be in a range of $0.39 to $0.41 per diluted share. GEO expects fourth quarter 2019 AFFO to be in a range of $0.66 to $0.68 per diluted share.

Quarterly Dividend

On July 9, 2019, GEO's Board of Directors declared a quarterly cash dividend of $0.48 per share. The quarterly cash dividend was paid on July 26, 2019 to shareholders of record as of the close of business on July 19, 2019. The declaration of future quarterly cash dividends is subject to approval by GEO's Board of Directors and to meeting the requirements of all applicable laws and regulations. GEO's Board of Directors retains the power to modify its dividend policy as it may deem necessary or appropriate in the future.

Reconciliation Tables and Supplemental Information

GEO has made available Supplemental Information which contains reconciliation tables of Net Income Attributable to GEO to Net Operating Income, Net Income to EBITDAre (EBITDA for real estate) and Adjusted EBITDAre (Adjusted EBITDA for real estate), and Net Income Attributable to GEO to FFO, Normalized FFO and AFFO, along with supplemental financial and operational information on GEO's business and other important operating metrics, and in this press release, Net Income Attributable to GEO to Adjusted Net Income. The reconciliation tables are also presented herein. Please see the section below titled "Note to Reconciliation Tables and Supplemental Disclosure - Important Information on GEO's Non-GAAP Financial Measures" for information on how GEO defines these supplemental Non-GAAP financial measures and reconciles them to the most directly comparable GAAP measures. GEO's Reconciliation Tables can be found herein and in GEO's Supplemental Information available on GEO's investor webpage at investors.geogroup.com.

Conference Call Information

GEO has scheduled a conference call and simultaneous webcast for today at 11:00 AM (Eastern Time) to discuss GEO's second quarter 2019 financial results as well as its outlook. The call-in number for the U.S. is 1-877-250-1553 and the international call-in number is 1-412-542-4145. In addition, a live audio webcast of the conference call may be accessed on the Events and Webcasts section under the News, Events and Reports tab of GEO's investor relations webpage at investors.geogroup.com. A replay of the webcast will be available on the website for one year. A telephonic replay of the conference call will be available until August 13, 2019 at 1-877-344-7529 (U.S.) and 1-412-317-0088 (International). The participant passcode for the telephonic replay is 10133683.

About The GEO Group

The GEO Group, Inc. (NYSE: GEO) is the first fully integrated equity real estate investment trust specializing in the design, financing, development, and operation of correctional facilities, processing centers, and community reentry centers in the United States, Australia, South Africa, and the United Kingdom. GEO is the world's leading provider of enhanced offender rehabilitation, post-release support, electronic monitoring, and community-based programs. GEO's worldwide operations include the ownership and/or management of 133 facilities totaling approximately 97,000 beds, including projects under development, with a growing workforce of approximately 23,000 professionals.

Note to Reconciliation Tables and Supplemental Disclosure –

Important Information on GEO's Non-GAAP Financial Measures

Net Operating Income, EBITDAre, Adjusted EBITDAre, Funds from Operations, Normalized Funds from Operations, Adjusted Funds from Operations, and Adjusted Net Income are non-GAAP financial measures that are presented as supplemental disclosures. GEO has presented herein certain forward-looking statements about GEO's future financial performance that include non-GAAP financial measures, including Adjusted Net Income, Adjusted EBITDAre, Net Operating Income, FFO, Normalized FFO, and AFFO. The determination of the amounts that are included or excluded from these non-GAAP financial measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period. While we have provided a high level reconciliation for the guidance ranges for full year 2019, we are unable to present a more detailed quantitative reconciliation of the forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because management cannot reliably predict all of the necessary components of such GAAP measures. The quantitative reconciliation of the forward-looking non-GAAP financial measures will be provided for completed annual and quarterly periods, as applicable, calculated in a consistent manner with the quantitative reconciliation of non-GAAP financial measures previously reported for completed annual and quarterly periods.

Net Operating Income is defined as revenues less operating expenses, excluding depreciation and amortization expense, general and administrative expenses, real estate related operating lease expense, and start-up expenses, pre-tax. Net Operating Income is calculated as net income adjusted by subtracting equity in earnings of affiliates, net of income tax provision, and by adding income tax (benefit) provision, interest expense, net of interest income, depreciation and amortization expense, general and administrative expenses, real estate related operating lease expense, gain/loss on real estate assets, pre-tax, and start-up expenses, pre-tax.

EBITDAre (EBITDA for real estate) is defined as net income adjusted by adding provisions for income tax, interest expense, net of interest income, depreciation and amortization, and gain/loss on real estate assets, pre-tax. Adjusted EBITDAre (Adjusted EBITDA for real estate) is defined as EBITDAre adjusted for net loss attributable to non-controlling interests, stock-based compensation expenses, pre-tax, and certain other adjustments as defined from time to time, including for the periods presented start-up expenses, pre-tax, legal related expenses, pre-tax, and escrow releases, pre-tax. Given the nature of our business as a real estate owner and operator, we believe that EBITDAre and Adjusted EBITDAre are helpful to investors as measures of our operational performance because they provide an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business. We believe that by removing the impact of our asset base (primarily depreciation and amortization) and excluding certain non-cash charges, amounts spent on interest and taxes, and certain other charges that are highly variable from year to year, EBITDAre and Adjusted EBITDAre provide our investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates and operating costs, providing a perspective not immediately apparent from net income attributable to GEO.

The adjustments we make to derive the non-GAAP measures of EBITDAre and Adjusted EBITDAre exclude items which may cause short-term fluctuations in income from continuing operations and which we do not consider to be the fundamental attributes or primary drivers of our business plan and they do not affect our overall long-term operating performance. EBITDAre and Adjusted EBITDAre provide disclosure on the same basis as that used by our management and provide consistency in our financial reporting, facilitate internal and external comparisons of our historical operating performance and our business units and provide continuity to investors for comparability purposes.

Funds From Operations, or FFO, is defined in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which defines FFO as net income/loss attributable to common shareholders (computed in accordance with United States Generally Accepted Accounting Principles), excluding real estate related depreciation and amortization, excluding gains and losses from the cumulative effects of accounting changes, extraordinary items and sales of properties, and including adjustments for unconsolidated partnerships and joint ventures. Normalized Funds from Operations, or Normalized FFO, is defined as FFO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure GEO's actual operating performance, including for the periods presented net Tax Cuts and Jobs Act ("TCJA") impact, loss on the extinguishment of debt, start-up expenses, legal related expenses, escrow releases, and tax effect of adjustments to FFO.

Adjusted Funds From Operations, or AFFO, is defined as Normalized FFO adjusted by adding non-cash expenses such as non-real estate related depreciation and amortization, stock based compensation expense, the amortization of debt issuance costs, discount and/or premium and other non-cash interest, and by subtracting recurring consolidated maintenance capital expenditures.

Adjusted Net Income is defined as Net Income Attributable to GEO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure GEO's actual operating performance, including for the periods presented net TCJA impact, gain/loss on real estate assets, loss on the extinguishment of debt, start-up expenses, legal related expenses, escrow releases, and tax effect of adjustments to Net Income Attributable to GEO.

Because of the unique design, structure and use of our correctional facilities, processing centers, and reentry centers, we believe that assessing the performance of our correctional facilities, processing centers, and reentry centers without the impact of depreciation or amortization is useful and meaningful to investors. Although NAREIT has published its definition of FFO, companies often modify this definition as they seek to provide financial measures that meaningfully reflect their distinctive operations. We have modified FFO to derive Normalized FFO and AFFO that meaningfully reflect our operations.

Our assessment of our operations is focused on long-term sustainability. The adjustments we make to derive the non-GAAP measures of Normalized FFO and AFFO exclude items which may cause short-term fluctuations in net income attributable to GEO but have no impact on our cash flows, or we do not consider them to be fundamental attributes or the primary drivers of our business plan and they do not affect our overall long-term operating performance. We may make adjustments to FFO from time to time for certain other income and expenses that do not reflect a necessary component of our operational performance on the basis discussed above, even though such items may require cash settlement. Because FFO, Normalized FFO and AFFO exclude depreciation and amortization unique to real estate as well as non-operational items and certain other charges that are highly variable from year to year, they provide our investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates, operating costs and interest costs, providing a perspective not immediately apparent from Net Income Attributable to GEO.

We believe the presentation of FFO, Normalized FFO and AFFO provide useful information to investors as they provide an indication of our ability to fund capital expenditures and expand our business. FFO, Normalized FFO and AFFO provide disclosure on the same basis as that used by our management and provide consistency in our financial reporting, facilitate internal and external comparisons of our historical operating performance and our business units and provide continuity to investors for comparability purposes. Additionally, FFO, Normalized FFO and AFFO are widely recognized measures in our industry as a real estate investment trust.

Safe-Harbor Statement

This press release contains forward-looking statements regarding future events and future performance of GEO that involve risks and uncertainties that could materially affect actual results, including statements regarding financial guidance for the full year, third quarter, and fourth quarter of 2019, the assumptions underlying such guidance, the continued expansion and success of our GEO Continuum of Care, and statements regarding growth opportunities and allocation of capital to enhance long-term value for our shareholders and applying excess cash towards paying down debt. Factors that could cause actual results to vary from current expectations and forward-looking statements contained in this press release include, but are not limited to: (1) GEO's ability to meet its financial guidance for 2019 given the various risks to which its business is exposed; (2) GEO's ability to declare future quarterly cash dividends and the timing and amount of such future cash dividends; (3) GEO's ability to successfully pursue further growth and continue to create shareholder value; (4) GEO's ability to obtain future financing on acceptable terms; (5) GEO's ability to access the capital markets in the future on satisfactory terms or at all; (6) risks associated with GEO's ability to control operating costs associated with contract start-ups; (7) GEO's ability to timely open facilities as planned, profitably manage such facilities and successfully integrate such facilities into GEO's operations without substantial costs; (8) GEO's ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (9) GEO's ability to sustain company-wide occupancy rates at its facilities; (10) the impact of any future regulations or guidance on the Tax Cuts and Jobs Act; (11) GEO's ability to remain qualified as a REIT; (12) the incurrence of REIT related expenses; and (13) other factors contained in GEO's Securities and Exchange Commission periodic filings, including its Form 10-K, 10-Q and 8-K reports.

Second quarter and first six months of 2019 financial tables to follow:

Condensed Consolidated Balance Sheets*
(Unaudited)

	As of *June 30, 2019* *(unaudited)*	As of *December 31, 2018* *(unaudited)*
ASSETS		
Cash and cash equivalents	$ 21,561	$ 31,255
Restricted cash and cash equivalents	56,343	51,678
Accounts receivable, less allowance for doubtful accounts	394,720	445,526
Contract receivable, current portion	13,944	15,535
Prepaid expenses and other current assets	46,316	57,768
Total current assets	**$ 532,884**	**$ 601,762**

Restricted Cash and Investments	27,358	22,431
Property and Equipment, Net	2,148,225	2,158,610
Contract Receivable	365,208	368,178
Operating Lease Right-of-Use Assets, Net	132,016	-
Assets Held for Sale	4,607	2,634
Deferred Income Tax Assets	29,924	29,924
Intangible Assets, Net (including goodwill)	997,579	1,008,719
Other Non-Current Assets	70,337	65,860
Total Assets	**$ 4,308,138**	**$ 4,258,118**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 91,257	$ 93,032
Accrued payroll and related taxes	71,369	76,009
Accrued expenses and other current liabilities	189,083	204,170
Operating lease liabilities, current portion	32,077	-
Current portion of finance lease obligations, long-term debt, and non-recourse debt	25,866	332,027
Total current liabilities	$ **409,652**	**$ 705,238**
Deferred Income Tax Liabilities	13,681	13,681
Other Non-Current Liabilities	81,812	82,481
Operating Lease Liabilities	102,844	-
Finance Lease Liabilities	3,779	4,570
Long-Term Debt	2,354,526	2,397,227
Non-Recourse Debt	320,306	15,017
Total Shareholders' Equity	1,021,538	1,039,904
Total Liabilities and Shareholders' Equity	**$ 4,308,138**	**$ 4,258,118**

* all figures in '000s

Condensed Consolidated Statements of Operations*

(Unaudited)

	Q2 2019 *(unaudited)*	***Q2 2018*** *(unaudited)*	***YTD 2019*** *(unaudited)*	***YTD 2018*** *(unaudited)*
Revenues	$ 613,966	$ 583,509	$ 1,224,633	$ 1,148,426
Operating expenses	453,168	437,797	910,165	864,506
Depreciation and amortization	32,352	31,313	64,821	63,239
General and administrative expenses	47,271	47,448	93,695	89,280
Operating income	**81,175**	**66,951**	**155,952**	**131,401**
Interest income	8,045	8,667	16,441	17,766
Interest expense	(38,932)	(36,345)	(79,212)	(72,214)
Loss on extinguishment of debt	(5,741)	(574)	(5,741)	(574)
Income before income taxes and equity in earnings of affiliates	**44,547**	**38,699**	**87,440**	**76,379**
Provision for income taxes	4,532	3,715	9,372	8,470
Equity in earnings of affiliates, net of income tax provision	1,821	2,341	4,417	4,336
Net income	**41,836**	**37,325**	**82,485**	**72,245**
Less: Net loss attributable to noncontrolling interests	78	96	134	163
Net income attributable to The GEO Group, Inc.	**$ 41,914**	**$ 37,421**	**$ 82,619**	**$ 72,408**
Weighted Average Common Shares Outstanding:				
Basic	119,168	120,274	118,972	121,017
Diluted	119,544	120,659	119,517	121,461
Net income per Common Share Attributable to The GEO Group, Inc. :				

Basic:				
Net income per share — basic	$ **0.35**	$ **0.31**	$ **0.69**	$ **0.60**
Diluted:				
Net income per share — diluted	$ **0.35**	$ **0.31**	$ **0.69**	$ **0.60**
	$ **0.48**	$ **0.47**	$ **0.96**	$ **0.94**

* all figures in '000s, except per share data

Reconciliation of Net Income Attributable to GEO to Adjusted Net Income

(In thousands, except per share data)(Unaudited)

Adjusted Net Income Reconciliation

	Q2 2019	***Q2 2018***	***YTD 2019***	***YTD 2018***
Net Income attributable to GEO	$ 41,914	$ 37,421	$ 82,619	$ 72,408
Add (Subtract):				
Net Tax Cuts and Jobs Act Impact	-	-	-	304
Loss on extinguishment of debt	5,741	574	5,741	574
Start-up expenses, pre-tax	2,641	98	2,641	98
Legal related expenses, pre-tax	-	4,500	-	4,500
Escrow releases, pre-tax	-	(2,273)	-	(2,273)
Gain/Loss on real estate assets, pre-tax	-	590	1,497	492
Tax effect of adjustments to Net Income attributable to GEO	(853)	(713)	(899)	(713)
Adjusted Net Income	**$ 49,443**	**$ 40,197**	**$ 91,599**	**$ 75,390**
Weighted average common shares outstanding - Diluted	119,544	120,659	119,517	121,461
Adjusted Net Income Per Diluted Share	**$ 0.41**	**$ 0.33**	**$ 0.77**	**$ 0.62**

Reconciliation of Net Income Attributable to GEO to FFO, Normalized FFO, and AFFO*

(Unaudited)

	Q2 2019 *(unaudited)*	***Q2 2018*** *(unaudited)*	***YTD 2019*** *(unaudited)*	***YTD 2018*** *(unaudited)*
Net Income attributable to GEO	$ 41,914	$ 37,421	$ 82,619	$ 72,408
Add (Subtract):				
Real Estate Related Depreciation and Amortization	17,937	17,509	36,039	34,897
Gain/Loss on real estate assets	-	590	1,497	492
Equals: NAREIT defined FFO	$ **59,851**	$ **55,520**	$ **120,155**	$ **107,797**
Add (Subtract):				
Net Tax Cuts and Jobs Act Impact	-	-	-	304
Loss on extinguishment of debt, pre-tax	5,741	574	5,741	574
Start-up expenses, pre-tax	1,874	98	1,874	98
Legal related expenses, pre-tax	-	4,500	-	4,500
Escrow releases, pre-tax	-	(2,273)	-	(2,273)
Tax Effect of adjustments to Funds From Operations **	(853)	(713)	(899)	(713)
Equals: FFO, normalized	$ **66,613**	$ **57,706**	$ **126,871**	$ **110,287**
Add (Subtract):				
Non-Real Estate Related Depreciation & Amortization	14,415	13,804	28,782	28,342
Consolidated Maintenance Capital Expenditures	(5,515)	(6,076)	(9,149)	(11,399)
Stock Based Compensation Expenses	5,454	4,960	12,180	10,787
Amortization of debt issuance costs, discount and/or premium and other non-cash interest	2,460	1,855	5,023	3,992

Equals: AFFO	**$ 83,427**	**$ 72,249**	**$ 163,707**	**$ 142,009**
Weighted average common shares outstanding - Diluted	119,544	120,659	119,517	121,461
FFO/AFFO per Share - Diluted				
Normalized FFO Per Diluted Share	**$ 0.56**	**$ 0.48**	**$ 1.06**	**$ 0.91**
AFFO Per Diluted Share	**$ 0.70**	**$ 0.60**	**$ 1.37**	**$ 1.17**
Regular Common Stock Dividends per common share	**$ 0.48**	**$ 0.47**	**$ 0.96**	**$ 0.94**

* all figures in '000s, except per share data

** tax adjustments related to Gain/Loss on real estate assets, Debt extinguishment, Start-up expenses, Legal expenses and Escrow releases

Reconciliation of Net Income Attributable to GEO to
Net Operating Income, EBITDAre and Adjusted EBITDAre*
(Unaudited)

	Q2 2019	Q2 2018	YTD 2019	YTD 2018
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Net Income attributable to GEO	$ 41,914	$ 37,421	$ 82,619	$ 72,408
Less				
Net loss attributable to noncontrolling interests	78	96	134	163
Net Income	**$ 41,836**	**$ 37,325**	**$ 82,485**	**$ 72,245**
Add (Subtract):				
Equity in earnings of affiliates, net of income tax provision	(1,821)	(2,341)	(4,417)	(4,336)
Income tax provision	4,532	3,715	9,372	8,470
Interest expense, net of interest income	30,887	27,678	62,771	54,448
Loss on extinguishment of debt	5,741	574	5,741	574
Depreciation and amortization	32,352	31,313	64,821	63,239
General and administrative expenses	47,271	47,448	93,695	89,280
Net Operating Income, net of operating lease obligations	**$ 160,798**	**$ 145,712**	**$ 314,468**	**$ 283,920**
Add:				
Operating lease expense, real estate	6,513	7,914	13,122	15,695
Gain/Loss on real estate assets, pre-tax	-	590	1,497	492
Start-up expenses, pre-tax	1,874	98	1,874	98
Net Operating Income (NOI)	**$ 169,185**	**$ 154,314**	**$ 330,961**	**$ 300,205**

	Q2 2019	Q2 2018	YTD 2019	YTD 2018
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Net Income	$ **41,836**	$ **37,325**	$ **82,485**	$ **72,245**
Add (Subtract):				
Income tax provision **	4,889	3,446	10,087	8,906
Interest expense, net of interest income ***	36,627	28,252	68,511	55,022
Depreciation and amortization	32,352	31,313	64,821	63,239
Gain/Loss on real estate assets, pre-tax	-	590	1,497	492
EBITDAre	**$ 115,704**	**$ 100,926**	**$ 227,401**	**$ 199,904**
Add (Subtract):				
Net loss attributable to noncontrolling interests	78	96	134	163
Stock based compensation expenses, pre-tax	5,454	4,960	12,180	10,787
Start-up expenses, pre-tax	1,874	98	1,874	98
Legal related expenses, pre-tax	-	4,500	-	4,500
Escrow Releases, pre-tax	-	(2,273)	-	(2,273)
Adjusted EBITDAre	**$ 123,110**	**$ 108,307**	**$ 241,589**	**$ 213,179**

* all figures in '000s

** including income tax provision on equity in earnings of affiliates

*** includes loss on extinguishment of debt

2019 Outlook/Reconciliation
(In thousands, except per share data)
(Unaudited)

	FY 2019		
Net Income Attributable to GEO	$ 167,500	to	$ 172,500
Real Estate Related Depreciation and Amortization	73,500		73,500
Loss on Real Estate Assets	1,500		1,500
Funds from Operations (FFO)	**$ 242,500**	to	**$ 247,500**
Start-Up and Transition Expenses	9,500		9,500
Loss on the Extinguishment on Debt	5,500		5,500
Tax Effect to Adjustment to FFO	(1,000)		(1,000)
Normalized Funds from Operations	**$ 256,500**	to	**$ 261,500**
Non-Real Estate Related Depreciation and Amortization	60,000		60,000
Consolidated Maintenance Capex	(28,000)		(28,000)
Non-Cash Stock Based Compensation	23,500		23,500
Non-Cash Interest Expense	10,500		10,500
Adjusted Funds From Operations (AFFO)	**$ 322,500**	to	**$ 327,500**
Net Interest Expense	131,000		131,000
Non-Cash Interest Expense	(10,500)		(10,500)
Loss on the Extinguishment on Debt	(5,500)		(5,500)
Consolidated Maintenance Capex	28,000		28,000
Income Taxes (including income tax provision on equity in earnings of affiliates)	20,500		20,500
Adjusted EBITDAre	**$ 486,000**	to	**$ 491,000**
G&A Expenses	186,500		186,500
Non-Cash Stock Based Compensation	(23,500)		(23,500)
Equity in Earnings of Affiliates	(8,500)		(8,500)
Real Estate Related Operating Lease Expense	26,500		26,500
Net Operating Income	**$ 667,000**	to	**$ 672,000**
Adjusted Net Income Per Diluted Share	**$ 1.53**	to	**$ 1.57**
AFFO Per Diluted Share	**$ 2.69**	to	**$ 2.73**
Weighted Average Common Shares Outstanding-Diluted	119,750	to	119,750

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Source: The GEO Group, Inc.