

Cordel Group

PTC milestones crossed

Cordel's progress update on its Positive Train Control (PTC) development gives a good indication that the business is on track to open up a significant new revenue opportunity in the North American railroad market. The escalating tariff situation could extend decision cycles but, looking through this, we believe the company is well-placed to continue its scalable growth trajectory.

Firstly, Cordel has achieved Multimodal AI capabilities on the Cordel Asset Extraction system, a key component of its PTC solution. Essentially, this means that the system is able to process and understand multiple types of data inputs (eg point cloud data, imagery and mapped data) simultaneously.

Secondly, the company is now in late-stage negotiations with two more North American railroads to share existing PTC datasets. Once these negotiations conclude, four out of six American railroads will be sharing their data with Cordel, providing a good indication that interest in the product is strong. We provided more detail on PTC and Cordel's offering in our January note, [On the right tracks](#).

Cordel expects to launch the PTC product in July 2025, in line with previous guidance. The recent announcement that it has expanded its contract with Genesee & Wyoming indicates that it is continuing to expand its footprint in the US and elsewhere.

With the US rail industry a key focus, we cannot ignore the potential impact of tariffs. As hardware accounts for only a small proportion of Cordel's solution, we believe that the direct impact of the tariffs is likely to be relatively contained, although the company may need to build up inventories somewhat to mitigate the risk of supply chain reduction. More significantly, the wider disruption to decision-making in the rail industry could extend procurement cycles, subduing near-term growth by pushing deals to the right. Structurally, however, we believe Cordel remains well-placed to continue its scalable growth trajectory. We believe it possesses the key attributes for success in vertical AI markets, including access to unique datasets, a cloud platform and deep domain expertise in turning data into insights.

Historical financials and consensus estimates

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	EV/sales (x)
6/23	3.0	(0.3)	(0.4)	(0.30)	4.1
6/24	4.4	(1.1)	(1.2)	(0.60)	2.8
6/25e	6.2	(0.3)	(0.5)	(0.23)	2.0
6/26e	8.0	0.8	0.5	0.24	1.6

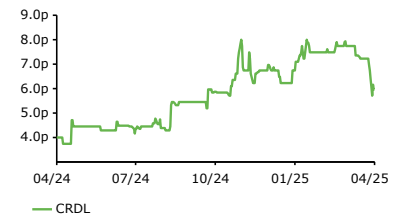
Source: Company data, LSEG Data & Analytics consensus estimates

Software and comp services

10 April 2025

Price 6.20p
Market cap £13m

Share price performance



Share details

Code	CRDL
Listing	AIM
Shares in issue	216.9m
Net cash at 31 December 2024	£1.0m

Business description

Cordel Group is a technology company specialising in the automation of railway infrastructure inspections using AI and big data. Its platform integrates LiDAR, video and positioning data to provide precise, unattended sensing systems and intelligent analysis, enhancing safety, efficiency and sustainability in rail asset management.

Bull points

- Strong product/market fit.
- Growing reference customer base across geographies and use cases.
- Meets a number of vertical AI success factors, including data, vertical domain expertise and cloud platform.

Bear points

- Limited resources to invest in growth opportunity.
- Large deals prone to slippage.
- Small in scale.

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