

## Cordel Group

### US Class 1 win for capture, analytics and PTC

**Cordel Group has announced the signing of a new Class 1 freight railroad operator, marking a significant step forward in the company's US growth strategy and its ambitions in Positive Train Control (PTC). The five-year contract, valued at \$3.7m is for Cordel's established LiDAR capture and analytics platform. In addition, the contract includes a \$3.8m provision for the company's PTC solution, which is scheduled for launch in July.**

The contract is with an unnamed Class 1 US freight railroad, the company's third major US customer following Amtrak and Genesee & Wyoming. Under the agreement, the new client will deploy a number of Cordel's rugged LiDAR capture systems on its specialist railway inspection vehicles. Cordel's software and AI will then process the data and classify it into asset types, such as rail heads, ballast, vegetation, overhead line equipment etc. The client's entire network will be captured and analysed annually. Opportunities for Cordel (outside of the PTC) could come from increasing the frequency of analysis or upselling software modules (eg vegetation, gauging etc).

The inclusion of a \$3.8m provision for Cordel's PTC asset management SaaS solution is another positive development, representing the first formal indication of a client's intention to deploy the solution. Cordel had previously announced that two US Class 1 railroads were sharing their datasets with the company, with two more in late-stage negotiations. Cordel expects to launch its initial PTC product in July 2025, paving the way for the initial implementation and refinement work to commence. The timeline for this work to transition into paid engagements is not clear at this stage.

We see this announcement as a meaningful strategic step for Cordel, particularly at a time when decision cycles in the rail industry have lengthened across many geographies. From a financial standpoint, the revenues from this engagement should help underpin the company's growth and margin expansion prospects, with some contribution in FY26 but mainly from FY26 onwards. With three major US railroad customers now secured, Cordel's credentials are significantly strengthened both in the US and globally. The company's ambition of growing a significant revenue stream from PTC also takes another step towards realisation. We continue to believe that the company's FY26 EV/sales multiple of 1.7x does not adequately reflect its growth prospects.

#### 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)	4.5
6/24	4.4	(1.1)	(1.2)	(0.60)	3.1
6/25e	6.2	(0.3)	(0.5)	(0.23)	2.2
6/26e	8.0	0.8	0.5	0.24	1.7

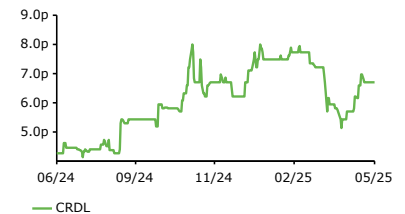
Source: Company data, LSEG Data & Analytics consensus estimates

Software and comp services

2 June 2025

**Price** 6.75p  
**Market cap** £15m

#### Share price performance



#### Share details

Code	CRDL
Listing	AIM
Shares in issue	216.9m
Net cash/(debt) 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 and 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.

#### Analyst

Dan Ridsdale +44 (0)20 3077 5700

[tmt@edisongroup.com](mailto:tmt@edisongroup.com)

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