QuickView

Cordel Group

Software and comp services

9 June 2025

Extended decision cycles, strategic progress

Cordel Group has issued a trading update indicating that extended customer decision-making cycles are slowing commercial progress. Sales momentum has recently recovered, but with revenues from recent wins likely to fall largely into FY26. Management now expects FY25 revenues to be in the range of £4.7–5m, versus £6.2m previously. Importantly, the company continues to make good progress in developing the Positive Train Control (PTC) opportunity, with the product on track for launch in July and the recent win with a Class 1 railroad, including a provision for the product. Consequently, we believe Cordel remains well positioned strategically and is building a platform to deliver scalable growth.

Cordel's trading update is frustrating, although not surprising given that we have flagged the risk of extended decision cycles in our recent research. While the company does not provide profitability guidance in its statement, we believe that some of the impact will be mitigated by tight cost control and Cordel confirmed that FY25 closing net cash is expected to improve from £1.02m FY24.

We believe that Cordel's prospects remain promising, underpinned by the progress made in the development and commercialisation of the company's PTC solution. From a technological standpoint, the company has successfully integrated multimodal AI capabilities into its asset extraction system, enabling it to process and interpret diverse data types, such as LiDAR point clouds, imagery and mapped data simultaneously. Commercially, the recent signing of a five-year, $7.5m contract with a major Class 1 freight railroad includes $3.8m earmarked for the PTC solution. The company is also in late-stage negotiations with two additional North American railroads to share existing PTC datasets, which, if concluded, would bring the total to four out of six Class 1 railroads collaborating with Cordel.

Across all products and geographies, the company has secured five new customers this year, including Aurizon, Vossloh, DG8, an unnamed US Class 1 railroad and Southeastern in the UK. This brings Cordel's total customer base to 13, demonstrating the relevance of its technology and expertise across multiple markets globally.

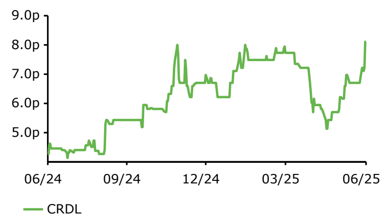
Historical financials and consensus estimates

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	EV/sales (x)
6/23	3.0	(0.3)	(0.4)	(0.30)	4.8
6/24	4.4	(1.1)	(1.2)	(0.60)	3.3
6/25e	4.8	(0.2)	(0.4)	(0.17)	3.0
6/26e	6.2	0.2	0.0	(0.02)	2.3

Source: Company data, LSEG Data & Analytics consensus estimates

Price	7.13p
Market cap	£15m

Share price performance



Share details

Code	CRDL
Listing	AIM
Shares in issue	217.1m
Net cash/(debt) at 31 December 2024	£1.1m

$1.35/£

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 are prone to slippage and the economic and political environment is slowing decision-making cycles in some geographies.
- Small in scale.

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