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Cordel Group

Software and comp services

25 September 2025

Proof of concept with Transport for London

Cordel Group's proof-of-concept (PoC) contract with Transport for London (TfL) marks the company's first engagement with an urban mass transit operator. The PoC will initially cover overground segments (about 55%) of the Central line but also involves the development of a solution for the underground. If this engagement is successful, then a wider commercial deployment should follow, most likely starting in H127.We estimate that expansion into the underground segment could also meaningfully increase Cordel's global total addressable market. It is also notable that TfL intends to deploy the platform for both safety and asset management on the network, the latter of which has become possible through the company's work on Positive Train Control (PTC) in the US.

PoC with a clear path to a wider deployment

The fee for the PoC is unlikely to be particularly material, but the PoC could move quite quickly to commercial deployment. The company's LiDAR rig has already been installed and the trial is expected to be complete by the end of CY25. We understand from management that the procurement process so far has been rigorous. If all goes well, a wider deployment should generate revenues from H127 and possibly H226.

Contiguous expansion

This PoC further demonstrates how Cordel is able to build its footprint step by step, adding clients across a wide range of geographies, types of rail network and new use cases. Flagship engagements in the UK with the likes of Network Rail, Angel Trains and South Eastern will certainly have facilitated the company's business development efforts with TfL. A successful deployment should also open up opportunities with the other c 200 metro rail networks globally. TfL intends to deploy the platform for both safety and asset management on the network, the latter of which will use functionality developed by Cordel for its work on PTC in the US.

Valuation: Strategic and growth upside potential

Cordel's strategic positioning within the global rail infrastructure industry continues to strengthen. While decision cycles are protracted, investment in digitisation and safety will remain a priority, and the company's base of reference clients and deployments continues to grow. We believe Cordel's FY26 EV/sales multiple of 2.2x does not adequately reflect its strategic positioning or its growth prospects.

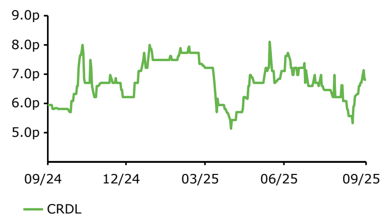
Consensus estimates

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)	3.0
6/25e	4.8	(0.2)	(0.4)	(0.17)	2.8
6/26e	6.2	0.2	0.0	0.02	2.2

Source: Company data, LSEG Data & Analytics

Price	6.85p
Market cap	£15m

Share price performance



Share details

Code	CRDL
Listing	AIM
Shares in issue	216.9m
Net cash at 30 June 2025	£1.5m

$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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