

Cordel Group

Platform for growth

Cordel's full year results were in line with broker consensus, with 8% revenue growth and a substantial narrowing of the EBITDA loss, despite sluggish decision cycles. More significantly, Cordel's five significant new customer contracts and progress in positive train control (PTC) systems and multi-modal AI establish a platform for an acceleration in FY26 and beyond. We continue to believe Cordel's FY26 EV/sales multiple of 2.0x does not adequately reflect its strategic positioning or its growth prospects.

Growth, improved margins despite customer delays

Cordel delivered revenue growth of 8% to £4.8m (10% in constant currency), despite sluggish decision cycles across the rail industry that delayed some contract closures. Gross margins expanded significantly to 74% (FY24: 64%), driven by the mix shift towards higher-margin software and data-as-a-service revenue over hardware sales and lower third-party costs. Gross margins are expected to remain at around this level. With operating costs down 2% y-o-y, the EBITDA loss reduced to £158k from £945k in FY24. Free operating cash outflow was £303k and net cash was £1.5m at year-end. Management expects a return to strong double-digit growth, and with only modest recruitment plans and £675k trade receivables to collect, the company looks to have adequate liquidity to execute its growth plans.

Platform for growth strengthened

Strong commercial and technical progress in FY25 has laid the foundation for an acceleration in growth. Cordel secured five significant new customer contracts across the US, Europe and APAC in FY25, and expanded its partnerships with major rail engineering companies. Its growing track record and partnerships should support further customer base growth, while the expansion of engagements to cover more track or use cases will drive growth from existing customers. PTC is expected to be a key growth driver, following the launch of PTC Asset Connect in July. The multi-year, multi-million dollar agreement with a US Class railroad, signed in June, included a \$3.8m provision for PTC and the company has secured data sharing agreements with several others. Management is now seeing interest in underlying PTC platform (Wayside Asset Identification and Management) outside the US.

Valuation: Strategic and growth upside potential

Cordel's strategic positioning within the global rail infrastructure industry continues to strengthen. While decision cycles have been 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 2.0x does not adequately reflect its strategic positioning or its growth prospects.

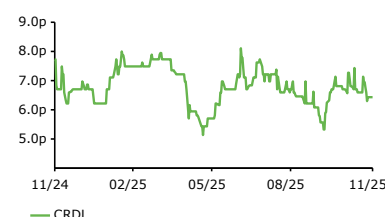
Consensus estimates					
Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	EV/sales (x)
6/23	3.0	(0.3)	(0.4)	(0.30)	4.2
6/24	4.4	(1.1)	(1.2)	(0.60)	2.9
6/25	4.8	(0.2)	(0.4)	(0.17)	2.6
6/26e	6.2	0.2	0.0	0.02	2.0

Software and comp services

4 November 2025

Price 6.48p
Market cap £14m

Share price performance



Share details

Code	CRDL
Listing	AIM
Shares in issue	216.9m
Net cash/(debt) 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.
- Breakthrough multimodal AI technology expanding the market opportunity
- Operational leverage emerging as the business scales

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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Cordel Group is a research client of Edison Investment Research Limited

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