

## **Title:** NAS.OL – Performance & Valuation Analysis

### Background

Norwegian Air Shuttle (ticker: **NAS.OL**), henceforth: Norwegian, is a low-cost carrier operating predominantly within the Nordic region and across Europe, specializing in short-to-medium haul travel. Founded in 1993, it operated as a small commuter airline until 2002, when it transitioned to a low-cost model with Boeing 737 jets, before beginning expansion across Scandinavia and Europe.

Norwegian presents an interesting case study due to its brand recognition, prolonged survival through repeated adversity, and notable stock price volatility- particularly during the 2010-2018 period. From roughly 2010 till 2012, the airline expanded aggressively across Nordic and European routes, and over time repositioned itself as a candidate for international long-haul travel. Markets initially rewarded the ambitious endeavor, with the stock reaching a peak of 9,906.68 NOK in August of 2015 (equivalent to approx. 99 NOK post-restructuring and reverse split).

However, the economics of transitioning from a regional short-haul carrier to an international long-haul airline proved unsustainable. Excessive leverage, thin margins and mounting competitive pressure eroded confidence. The company's trajectory had turned sharply even *before* the pandemic. When COVID-19 collapsed air travel demand in early 2020, Norwegian's balance sheets could not absorb the shock. In November 2020, the airline filed for bankruptcy protection.

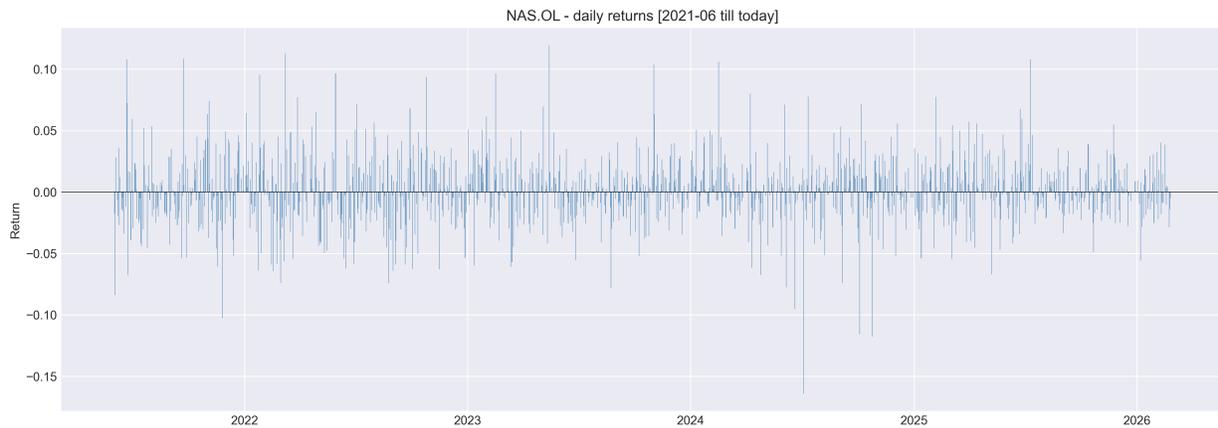
Throughout early 2021, Norwegian undertook an aggressive restructuring: long-haul operations were formally abandoned, Airbus orders were cancelled, and restructuring plans commenced. In May 2021, the airline raised approx. 6 billion NOK in new capital, and exited bankruptcy protection in June 2021- the starting point for this analysis. At the time of writing (February 2026), NAS.OL trades at approx. 17.6 NOK.

This analysis seeks to assess whether and how Norwegian has improved its financial position since restructuring, and to offer commentary on the outlook going forward.

## Performance Analytics

In this section we'll analyze performance metrics derived from historic returns.

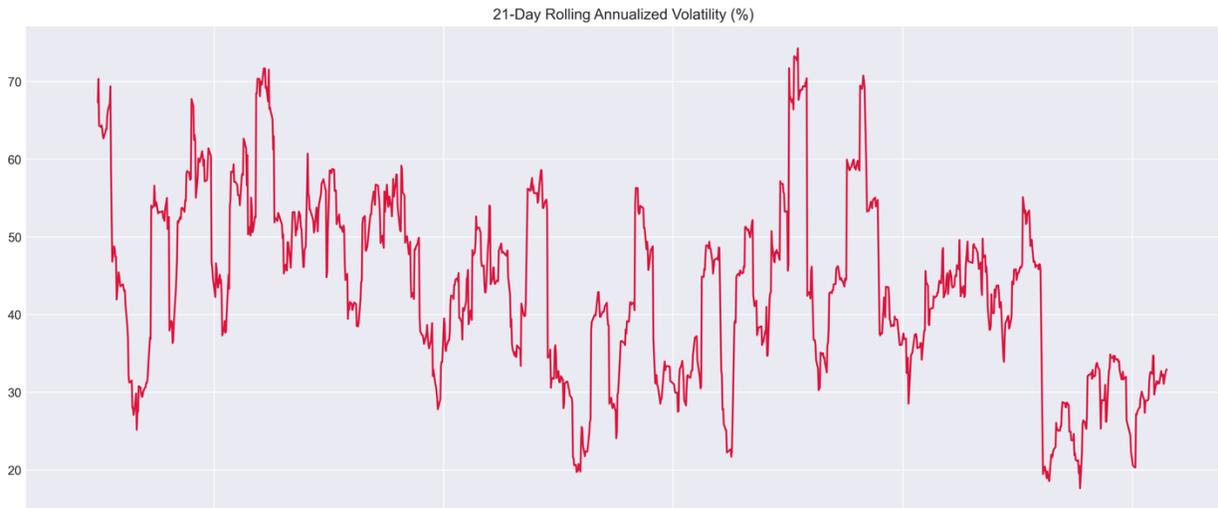
We begin by focusing on the daily returns chart:



We can observe that, even exiting its bankruptcy protection and restructuring, Norwegian has been an extremely volatile stock. The most extreme single-day moves, ranging from highs  $>+10\%$  and lows  $<-15\%$ , are clustered around early to late 2022 and mid 2023 till mid-2024. From 2025 onwards into 2026, we notice that frequent drastic volatility appears to have calmed significantly, both the positive and negative direction- the trend suggests returns seem to settle between  $\pm 5\%$ .

On the following page we will focus our attention toward a combined plot showing cumulative returns, rolling 21-day annualized volatility- all measured in percent- as well as 252-day rolling Sharpe ratio.

# NAS.OL - Key Performance Metrics



Firstly: the overall impression of these metrics is a positive one. Though cumulative returns started out negative for our sample period, we see cumulative gains nearing 60% from 2021 till beginning of 2026- though had you invested in 2021, your initial break-even point would have come in late 2023, before dipping negative again in 2024 until late 2025.

The spike and subsequent drop in returns during the beginning of 2024 reflects a strong start for the airliner. According to the Norwegian Air 2024 Annual Report<sup>1</sup>, we see on page 8, subtitle: “Key events 2024”, that the airline started off January with a complete acquisition of Widerøe, followed by a revamping of the Norwegian logo and an updated visual profile for Widerøe in February. It is plausible that the spike came as markets priced future returns too hastily, causing the subsequent decline- though this is conjecture.

Though cumulative return over the full period is positive, the path to get there was far from smooth. The middle panel shows 21-day rolling annualized volatility ranging from highs >65%, to lows of <25%. We do notice volatility trending downwards over the sample period, in addition to a noticeable sharp drop in rolling volatility around mid to late 2025. Though it has been difficult to pinpoint an exact cause for this drop, a plausible explanation I have found resides in the Q2 2025 financial report<sup>2</sup>. In which Norwegian reported, amongst other things, the first positive EBIT since Q3 2024, of 1,250 million, an increase in revenue after a quarterly downtrend, operating margins of 12.2%, as well as its first ever dividend payment of 0.90 NOK per share.

With regard to the final bottom figure, 252-day rolling Sharpe ratio: we can see a roughly two-year stretch with a positive Sharpe, before a sharp decline below -0.5. Interestingly we see that during this period volatility was *relatively* fixed within a set upper and lower bound. This implies negative excess returns as Sharpe is defined by:  $\frac{(R_p - R_f)}{\sigma}$ , this explanation is further corroborated by Norwegian’s Q1 2025 financial report<sup>3</sup>, showing an EBIT of -611 million NOK. This was a substantial drop from the 2,133 million positive EBIT reported in Q3 of 2024.

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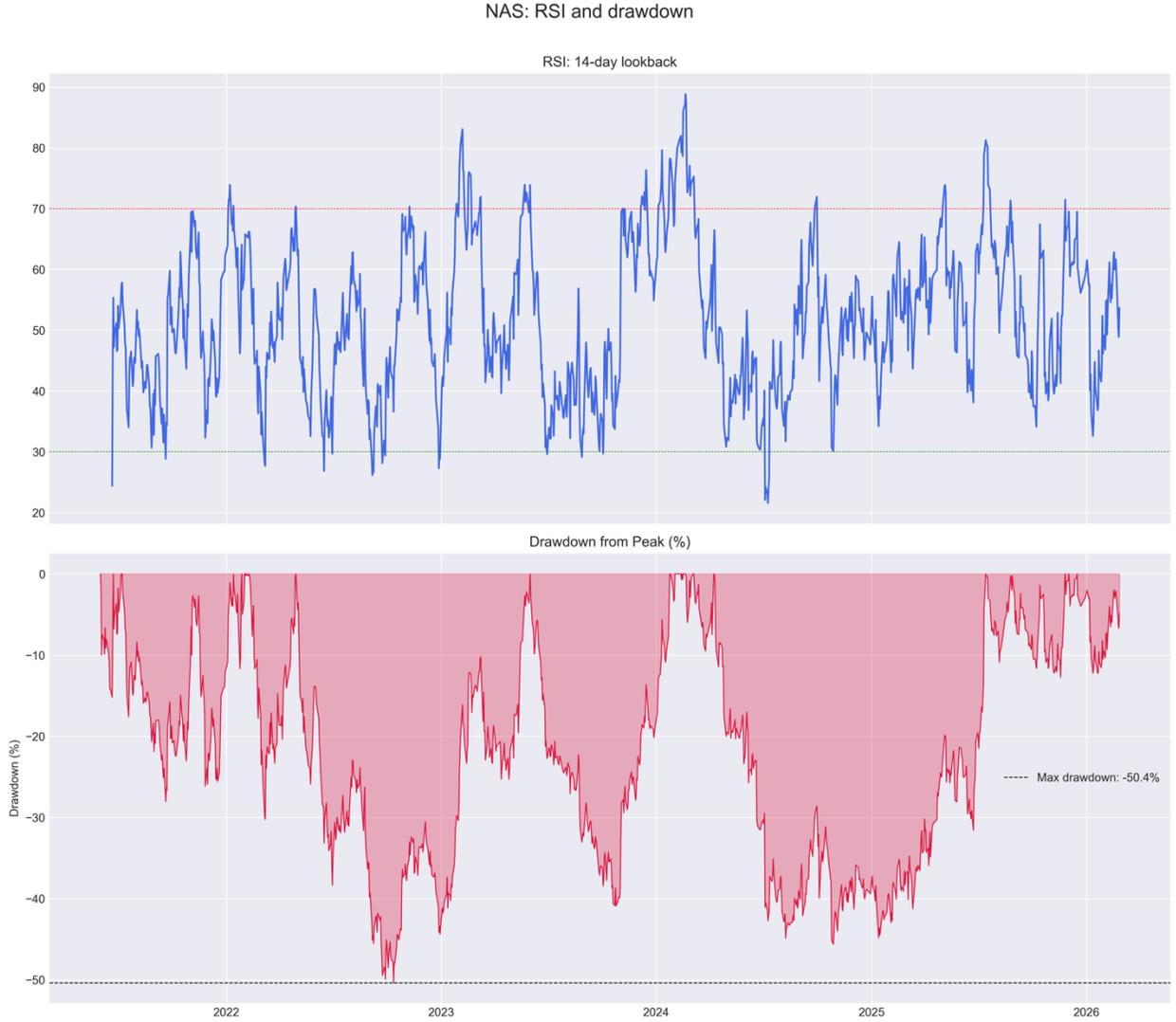
<sup>1</sup> [https://www.norwegian.com/globalassets/ip/documents/about-us/company/investor-relations/reports-and-presentations/annual-reports/norwegian\\_annual\\_report\\_2024.pdf](https://www.norwegian.com/globalassets/ip/documents/about-us/company/investor-relations/reports-and-presentations/annual-reports/norwegian_annual_report_2024.pdf), p. 8

<sup>2</sup> <https://www.norwegian.com/globalassets/ip/documents/about-us/company/investor-relations/reports-and-presentations/quarterly-results/2025/norwegian-q2-2025-report.pdf>, p. 1 & 2

<sup>3</sup> <https://www.norwegian.com/globalassets/ip/documents/about-us/company/investor-relations/reports-and-presentations/quarterly-results/2025/norwegian-q1-2025-report.pdf>, p. 2

Following the decline and negative Sharpe in early 2025, we see a subsequent rapid increase, peaking at 1.5 going into 2026. The Q2 2025 financial results and dividend payout, along with a simultaneous compression of volatility to its lowest levels in our sample period, explain this.

Next, we will discuss another two-figure plot showing relative strength index and drawdown in percent.



The relative strength index (RSI) is a momentum oscillator metric computed using a 14-day lookback with Wilder’s exponential smoothing, the standard methodology introduced by Wilder in 1978. In order to simplify its interpretation, I have added horizontal lines at 70 and 30. An RSI of 70 or above are conventionally interpreted as overbought; whilst values below 30 are interpreted as oversold.

The RSI for Norwegian currently resides at around 50 (as of February 2026), right in the middle of both the upper and lower bounds. Throughout the sample period, we see that Norwegian generally hovers below 70 and above 30, though it breached these thresholds at notable points. RSI readings near or below 30- visible in mid-2021, all throughout 2022, mid 2023 and mid 2024- coincide with the deepest drawdowns, while spikes tending towards or above 70 appear as drawdowns recover towards zero. This suggests that RSI values, while not predictive on their own, have broadly coincided with inflection points in peak-to-valley declines.

What is interesting, though is the last large drawdown we see from mid-2024 till mid-2025. This drawdown seemed to occur whilst RSI was trending upwards. This may be due to the difference in time horizons of the two metrics: RSI captures momentum over a 14-day window, whilst drawdown measures distance from all-time peak in the sample period. The RSI increased as Norwegian made gains over the mid-2024 to mid-2025 time period (pushing RSI upwards), while still remaining below its prior peak in early 2024.

The performance analytics paint a picture of a stock that has rewarded patient investors, we saw cumulative returns approaching 60%- but rewards only favored those with a significant pain tolerance: max drawdown of -50%, annualized volatility frequently exceeding 50% and a Sharpe ratio that spent meaningful stretches in negative territory. The above metrics have described *how* Norwegian has traded, but they do not explain *why*. In order to understand its history and hopefully gain insight into the road ahead, we need to consider metrics derived from its financial statements and balance sheets.

## Fundamental Analysis

### *Price Multiples*

In this section, we shift our focus from metrics derived by the historical market performance to fundamentals (sourced via yfinance). The analysis covers price multiples, profitability, leverage and solvency, as well as cash flow.

The below table summarizes Norwegian's current price multiples:

Metric	Value
P/E (static)	6.69
P/E (trailing 12-month)	N/A (negative TTM earnings)
P/E (forward)	7.96
Price-to-Book	2.36
Price-to-Sales	0.47
EV/EBITDA	3.10
FCF Yield	16.8%

A static P/E of 6.69 and a forward P/E of 7.96 places Norwegian at the lower end of its European peer group, though not dramatically so. As of early 2026: Ryanair trades at a trailing P/E of approximately 12.6x and a forward P/E of 12.15x<sup>4</sup>, IAG (owner of British Airways) at a trailing P/E of 7.5x and a forward P/E of 6.4<sup>5</sup>, and easyJet at a trailing P/E of 7.17x<sup>6</sup>. For the US, we can compare Norwegian's metrics to Prof. Damodaran's January 2026 industry dataset, which reports a forward P/E of 11.37x for the US air transport sector<sup>7</sup>.

The trailing 12-month P/E was unavailable due to negative TTM earnings, as a consequence of the Q1 2025 EBIT loss of -611 million NOK dragging the four-quarter sum negative. This is the same event that drove the Sharpe ratio into negative territory, as discussed in the previous chapter.

The price-to-sales ratio of 0.47 implies that the market values Norwegian at less than half its annual revenue, while an EV/EBITDA of 3.10 is notably low, but broadly in line with its counterparts. For comparison, Damodaran reports an EV/EBITDA of 7.58x for the US air transport sector<sup>8</sup>, Ryanair trades at 7.81x<sup>9</sup> and IAG at 3.4x<sup>10</sup>. Norwegian finds itself at roughly half the level of Ryanair on this metric.

The FCF yield of 16.8% is high, typically anything above 8-10% would signal that either the company is legitimately cheap, or that the market expects cashflow to deteriorate. Taking

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<sup>4</sup> <https://stockanalysis.com/stocks/ryaay/statistics/>

<sup>5</sup> <https://finance.yahoo.com/quote/IAG.L/key-statistics/>

<sup>6</sup> <https://stockanalysis.com/quote/lon/EZJ/statistics/>

<sup>7</sup> [https://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/pedata.html](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/pedata.html)

<sup>8</sup> [https://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/vebitda.html](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/vebitda.html)

<sup>9</sup> <https://stockanalysis.com/stocks/ryaay/statistics/>

<sup>10</sup> <https://finance.yahoo.com/quote/IAG.L/key-statistics/>

all these metrics into consideration: the market is seemingly pricing Norwegian and its counterparts with a meaningful risk discount, compared to its strongest competitor- despite its improved operational performance.

*Profitability*



The three panels above track return on equity (ROE), return on invested capital (ROIC) and operating margin from 2022 into 2026.

The trajectory across all three metrics is broadly the same: 2022 was a weak year but followed by a strong recovery. Operating margin moved from -3.2% in 2022 to a peak of approx. 9% in 2023, it dipped to roughly 6% in 2024 and has since recovered to about its 2023 peak. The 2024 dip likely reflects a cost absorption from the Widerøe acquisition completed in January of that year<sup>11</sup>.

ROIC followed a similar path, moving from -6.9% in 2022, to above 20% in 2023 before settling at roughly 22%. One important note: as annotated on the chart, the 2024 tax rate used by yfinance was 0%, which means NOPAT was equal to operating income in that year. This inflates the 2024 ROIC relative to the other periods where a positive tax rate was applied. The 2025 ROIC, which is computed under a normal tax rate- is arguably the more reliable indicator of current operational efficiency.

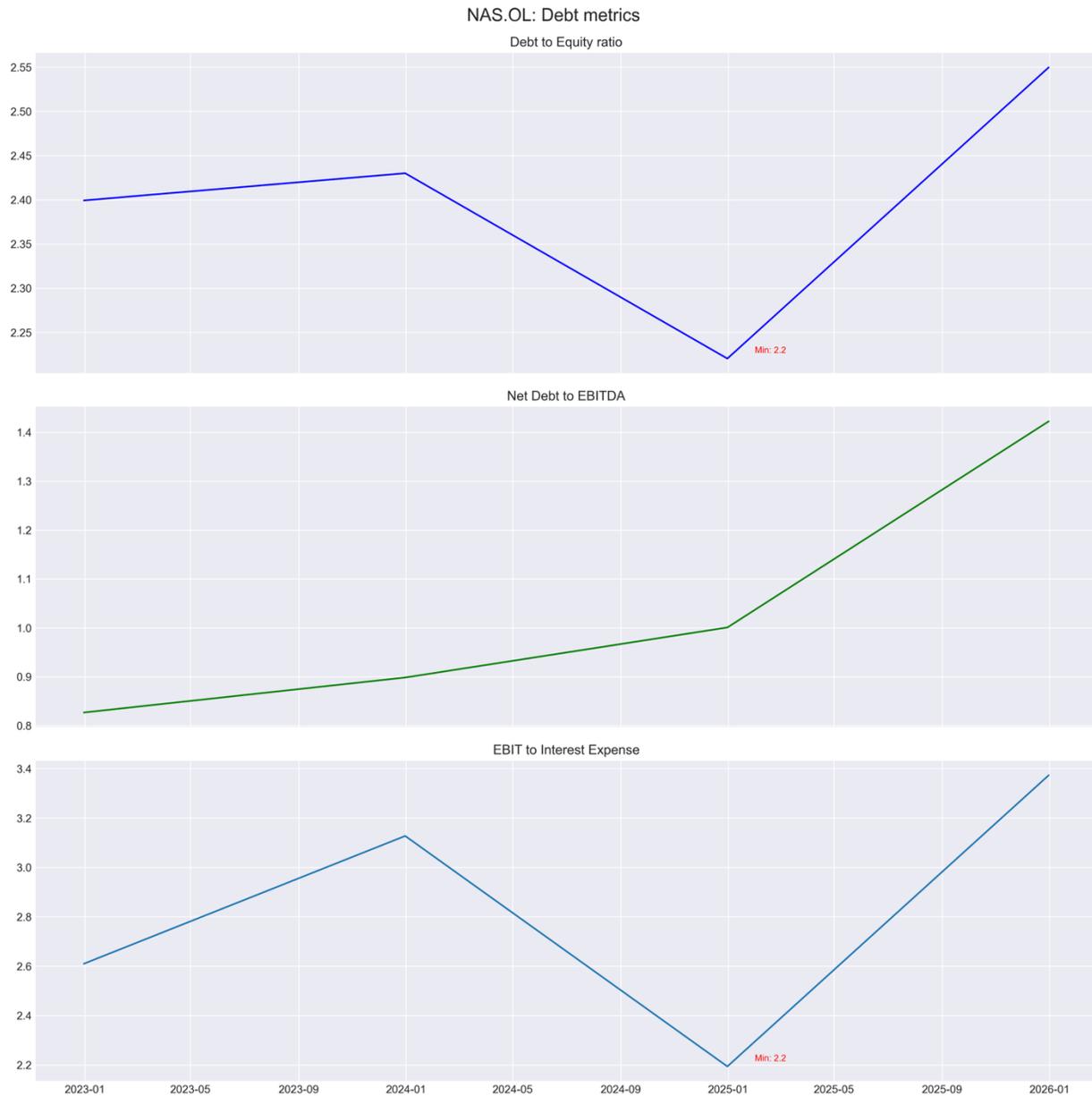
ROE tells a slightly different story. At 35% in 2025, it is the highest in the sample and appears to signal exceptionally strong returns to shareholders. However, ROE should be taken with a grain of salt when dealing with highly levered companies. Because Norwegian's equity base is small relative to its total assets (debt-to-equity sits above 2x, see next subchapter), even modest net income produces a high ROE. The metric is inflated by leverage, not purely operational performance, as ROIC measures returns on total invested capital (debt + equity). Consider that ROIC for the same period sits at 22%, whilst ROE sits at 35%- this indicates that leverage is doing significant work in boosting equity return. For context: Ryanair reports an ROE of 28.21% and a ROIC of 14.35<sup>12</sup>, with a far lower D/E ratio of 0.16x. Norwegian's higher ROE is therefore a function of its capital structure, rather than superior profitability.

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<sup>11</sup> [https://www.norwegian.com/globalassets/ip/documents/about-us/company/investor-relations/reports-and-presentations/annual-reports/norwegian\\_annual\\_report\\_2024.pdf](https://www.norwegian.com/globalassets/ip/documents/about-us/company/investor-relations/reports-and-presentations/annual-reports/norwegian_annual_report_2024.pdf), p. 8

<sup>12</sup> <https://stockanalysis.com/stocks/ryaay/statistics/>

## Leverage and Solvency



The leverage picture is more nuanced than the profitability story, and arguably more important for assessing Norwegian's risk profile going forward.

Debt-to-equity has been quite stable, ranging from 2.2x to 2.55x across the sample. For an airline (where fleet financing through debt is standard) a D/E ratio in this range is not unusual. IAG reports a D/E of 2.48x<sup>13</sup>, broadly comparable to what we see with Norwegian.

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<sup>13</sup> <https://finance.yahoo.com/quote/IAG.L/key-statistics/>

The implication here is that Norwegian has not been aggressively adding leverage, nor deleveraging to any meaningful extent.

The more concerning trend is in net debt to EBITDA, which has risen steadily from roughly 0.83x in 2022 to 1.4x in 2025. While this is well below the levels seen at more leveraged carrier, take Wizz Air for instance who reported net debt/EBITDA of 4.4x in 2025<sup>14</sup>, the direction is nevertheless concerning. Net debt is growing faster than EBITDA, which means Norwegian's capacity to service its obligations from operating earnings is gradually weakening.

Interest coverage (EBIT/ interest expense) adds further context. The ratio peaked at 3.1x in 2023, to 2.2x in 2024, before recovering to 3.4x in 2025. The 2024 multiple indicates that interest expense consumed half of operating profit, as  $EBIT/2.2 = \text{interest expense}$ . A coverage ratio in the 2-3x range leaves limited margin for error in the event of an operational downturn or a rise in borrowing costs.

Reading the three panels together: Norwegian's absolute leverage (D/E) is stable, but its debt is becoming incrementally harder to service relative to earnings (rising net debt/EBITDA, moderate interest coverage). This is the weakest part of the fundamentals picture.

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<sup>14</sup> [https://s204.q4cdn.com/169340705/files/doc\\_news/Final-Results-2025.pdf](https://s204.q4cdn.com/169340705/files/doc_news/Final-Results-2025.pdf), p. 5

## Cash Flow



The cash flow charts show the clearest peak-and-decline pattern of any metric in this analysis.

Free cash flow grew consistently from approx. 1.5 billion NOK in 2022, to a peak of 5.9 billion in late 2024, before declining sharply to around 3 billion in 2025. The decline coincides with Norwegian's increased capital expenditure: the company has 50 Boeing 737 MAX 8 aircraft on order with deliveries running from 2025 to 2028<sup>15</sup>. Additionally, in September 2025 Norwegian exercised its options for an additional 30 aircraft, bringing the new total to 80. In Q1 2025, Norwegian also purchased 10 previously leased Boeing 737-800s outright<sup>16</sup>. Fleet investment of this scale naturally compresses free cash flow.

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<sup>15</sup> <https://media.uk.norwegian.com/pressreleases/norwegian-to-purchase-50-boeing-737-max-8-aircraft-3185229>

<sup>16</sup> <https://media.uk.norwegian.com/pressreleases/norwegian-to-purchase-ten-boeing-737-800-aircraft-3372843>

FCF conversion – the ratio of free cash flow to net income- peaked above roughly 4.3x in 2024, before falling to 1.2x in 2025. A conversion ratio above 1x means the company generates more cash than it reports in net income, which is generally a good sign. However, the prior 4.3x was suspiciously high, likely reflecting past unsustainable activities. The normalization to 1.1x is not necessarily a bad sign, it may simply represent a return to a more typical standard. However, the sharp increase and decline is something to keep in mind in future quarters.

The FCF yield of 16.8% (seen in opening table), computed as the most recent annual FCF divided by current market cap, is notably high and reinforces the picture from the price multiples: the market is either pricing Norwegian as a genuine bargain, or it is discounting the sustainability of current cash flows in light of rising capex commitments and deteriorating leverage.

## In closing

### *Summary and Outlook*

The central question posed at the outset of this analysis was whether Norwegian has improved its position since exiting bankruptcy protection in 2021. The evidence across both performance and fundamentals metrics suggests it has improved to a substantial degree, though not without emerging risks.

On the performance side, an investor who held Norwegian from June 2021 through early 2026 would have realized cumulative returns approaching 60%. The path to get there, though: punishing. We've seen a maximum drawdown of -50%, annualized volatility exceeding 50% and extended periods of negative risk-adjusted returns. By late 2025, the picture had improved significantly: volatility compressed to its lowest levels in the sample, the Sharpe ratio recovered above 1.5, and the RSI settled into neutral range. The stock's character appears to be shifting from a speculative post-restructuring play, towards a more conventionally traded equity.

On the fundamentals side, profitability has recovered and seems healthy. Operating margins have gone from negative to approx. 9%, ROIC has stabilized in the 18-22% range, and the company paid its first ever dividend of 0.90 NOK per share in August 2025. These

are anything but trivial achievements for an airline that was in bankruptcy protection less than five years ago.

However, two areas merit caution. First, leverage is quietly deteriorating: net debt to EBITDA has nearly doubled from 0.83x to 1.43x over the sample period, and interest coverage- while recovering- remains moderate at 3.4x. Second, free cash flow has peaked and is declining as Norwegian invests heavily in fleet renewal, with 80 Boeing 737 MAX 8 aircraft on order through 2031. The market appears to recognize this tension, as Norwegian trades at a P/E under 7 and an EV/EBITDA of 3.1, these multiples sit well below its peers.

Whether Norwegian can sustain its profitability gains while managing rising debt and heavy capital commitments is an open question this analysis cannot fully resolve with the data at hand. My intention with this project was to build a foundation from which I could produce a script capable of handling tickers as user input, allowing anyone to calculate financial metrics through yfinance.

It has been a pleasure and quite the journey: shifting from R-programming to Python, applying and interpreting financial valuation metrics outside of a sandboxed environment, as well as researching Norwegian.

### *Limitations*

This analysis is subject to several limitations that are worth noting. All financial data was sourced from yfinance, which can occasionally report inconsistent data. No peer comparison or sector benchmarking was performed by me- the peer multiples cited were sourced separately and are only informational reference points. Finally, the sample period of approx. 4.5 years (June 2021 to February 2026) is relatively short and captures only the post-restructuring phase of Norwegian's history, which may not be representative of a full economic cycle.

The Python scripts used in this analysis, along with all generated data and plots, are available at [GitHub](#).

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