

Airbus SE (OTCPK:EADSF) Q4 2020 Earnings Conference Call February 18, 2021 1:30 AM ET

Company Participants

Thorsten Fischer - Head, IR & Financial Communication

Guillaume Faury - CEO & Executive Director

Dominik Asam - CFO

Conference Call Participants

Benjamin Heelan - Bank of America Merrill Lynch

Celine Fornaro - UBS Investment Bank

Chris Hallam - Goldman Sachs Group

Olivier Brochet - Crédit Suisse

Tristan Sanson - Exane BNP Paribas

Jeremy Bragg - Redburn

Christophe Menard - Deutsche Bank

Robert Stallard - Vertical Research Partners

Andrew Gollan - Berenberg

Carter Copeland - Melius Research

Harry Breach - Stifel

Andrew Humphrey - Morgan Stanley

Douglas Harned - Sanford C. Bernstein & Co.

Zafar Khan - Societe Generale

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Airbus Final Year 2020 Results Release Conference Call. I am Kritil, the operator for the conference. [Operator Instructions].

At this time, I would like to turn the conference over to your host, Guillaume Faury, Dominik Asam and Thorsten Fischer.

Thorsten Fischer

Thank you, Kritil. Good morning, ladies and gentlemen. This is the Airbus Full Year 2020 Results Release Conference Call. Guillaume Faury, our CEO; and Dominik Asam, our CFO, will be presenting our results and answering your questions.

This call is planned to last around 1 hour and 30 minutes. This includes Q&A, which we will conduct after the initial presentation. This call is also webcast. It can be accessed

via our homepage where we have set a special banner. Playback of this call will be accessible on the website, but there is no dedicated phone replay service.

The supporting information package was e-mailed to you earlier this morning. It includes the slides, which we will now take you through as well as the financial statements.

Throughout this call, we will be making forward-looking statements. The package you received contains the safe harbor statement, which applies to this call as well. Please read it carefully.

Now over to Guillaume.

Guillaume Faury

Thank you, Thorsten, and good morning, ladies and gentlemen. Welcome to our full year 2020 results call, and thank you for joining us today, together with Dominik, who will take you through our financial results.

Last year has proven to be a challenging one for Airbus and the aerospace industry, and it was far from the initial expectations we had set for 2020. We had to react and adapt.

Starting early in the year, we took measures to navigate the COVID-19 crisis. First, to protect the health and safety of people and was really challenging at the beginning. Then in March, we took steps to further bolster our liquidity and launched immediately cash containment measures. In April, we recalibrated our industrial system by reducing our rates by around 40%, I'm sure you remember. So 40% compared to our previous plans, which allowed us to converge production and deliveries in the second half of the year.

We also started to resize our commercial aircraft activities to adapt our global workforce to the new environment and to address our long-term cost structure. Following those measures, we have been progressing towards an improved financial and industrial balance in the second half of 2020. In this quite adverse market environment, we worked hand-in-hand with our customers. And as a result of that collective effort, we delivered 566 aircraft in 2020, including around 150 aircraft for which we were using the so-called e-Deliveries, one of the solutions we developed to help customers to take delivery of their aircraft.

Our full year delivery number demonstrates the balancing of production and deliveries as the year progressed. This, together with other measures taken early in the crisis, is also reflected in our financial performance. Our full year 2020 EBIT adjusted was at €1.7 billion, including €1.1 billion of COVID-19 related charges, mainly booked in the first 9

months. Our EBIT reported was at minus €0.5 billion, including a €1.2 billion restructuring provision.

Our full year 2020 free cash flow before M&A and customer financing was a negative €6.9 billion, including the payment of the penalties of €3.6 billion in the first quarter. In the fourth quarter, our free cash flow before M&A and customer financing was a positive €4.9 billion, significant achievements as most of the risks which we saw weighting on the fourth quarter predominantly, did not materialize.

Our customers continued to honor the commitments we found with them for the year, and we delivered a solid number of 225 aircraft in the fourth quarter. We also benefited from the good free cash flow performance of our divisions, Airbus Helicopters and Defence and Space, which strongly added to the resilience of the group during 2020, the first year of this COVID-19 crisis. As a result, the net cash position by end of the year was €4.3 billion.

EPS reported was minus €1.45, and there will be no dividend proposed for 2020. Overall, our 2020 financial performance confirms that the set of measures we put in place has been effective and delivered an outcome in line with our expectations. Throughout the year, we have demonstrated our resilience, together with our employees, our customers, our suppliers, our industry partners and with the support of our government.

Today, as we have entered 2021, it's clear that the crisis is not over, and that it will likely continue to be a reality throughout the year. Indeed, we can see progress on vaccination campaigns, but new variants of the virus are spreading. And at the same time, we see reinforced lockdowns maintained or even stricter travel restrictions in many regions of the world and global traffic numbers at low levels. This demonstrates that we continue to operate in a complex, volatile, fast-changing environment and we expect that this volatile situation will continue to impact our business, and it creates uncertainties.

The path to recovery is not necessarily linear. Therefore, we have to remain humble and probably demonstrate our resilience again. In this complex and uncertain situation, we issued guidance for 2021, which aims to provide some visibility.

Now let's turn to our commercial positioning. I would like to kick off on commercial with some comments on the developments that have occurred in the last days of 2020. First, on WTO, we continue to believe that the U.S. tariffs and the tariffs creates a lose-lose situation. I believe the time is right to move towards a negotiated settlement.

On Brexit, the potential disruption of -- from a no-deal scenario has been avoided, and we are pleased to continue to work with our many stakeholders in the spirit of

collaboration and long-term partnership.

Now let's look at the commercial aircraft environment in details. After global air traffic reached a low point in April last year, domestic travel started to recover slowly until after the summer albeit, at a very different pace between regions. The recovery came to a halt in the last quarter. International traffic remained weak throughout the year. Overall passenger air traffic, measured in RTK, declined by 66% in 2020 versus 2019, according to IATA.

With new virus variants emerging, many countries have further tightened travel restrictions. The latest IATA forecast also predict that there will be most likely no significant improvement in passenger volumes before Q3 2021. Airlines will continue to suffer. Most of them will continue to burn cash for most of the year, so we will continue to closely monitor their financial health.

All in all, we believe that 2021 will be another challenging year for the industry. We continue to expect the market to recover between 2023 and 2025 on the 2019 numbers, with domestic and regional markets recovering first. International traffic, mostly operated by wide-bodies will probably remain weak for longer and will not return to pre COVID levels for some years.

In January, we gave an update on production rates in response to the market environment. Production rates will remain lower for longer. On A320, production rates will gradually increase from 40 aircraft per month currently to 43 in the third quarter and 45 in the fourth quarter 2021, which represents a slower ramp-up than the previously anticipated 47 aircraft per month from July. On A220, rates will increase from 4 to 5 aircraft per month from the end of Q1 2021. And wide-body production is expected to remain stable at current levels.

Now let's look at our order and deliveries in 2020. We booked 383 gross orders in 2020, including 360 single-aisle and 23 wide-bodies. Despite the magnitude of the crisis, we saw only 115 cancellations in 2020, but we need to carefully watch that trend going forward.

Net orders at 268 aircraft, which include 141 A321, of which 37 XLRs. Our backlog in units remains above 7,000 planes. At group level, our backlog in value decreased to €373 billion in 2020. It means in value, only around 10% of the year-end 29 backlog we lost is related to the COVID-19 crisis.

Now looking at helicopters. In 2020, we maintained our leading position in the civil and parapublic market despite the current environment. Over the past year, we booked 268 net orders, including 31 NH90s for the German Bundeswehr recorded in Q4 and 11 H160 following the certification of this helicopter by EASA last July.

Key services contract wins include a firm contract for the development of an upgraded version of the NH90 for the French special forces and a support contract with NASA for its fleet of H135 helicopters. In 2021, we see good momentum for campaigns in our home countries, especially in public services, while the commercial market will most likely remain soft.

Finally, in Defence and Space, in 2020, our order intake increased to €11.9 billion. This represents a book-to-bill above 1 and an increase of 39%, mainly driven by major contract wins in Military Aircraft. In this Military Aircraft business, we signed in November, a contract to deliver 38 new Eurofighter aircraft for the German Air Force. The order from Germany also reinforces our position in current campaigns such as in Spain to replace its legacy F-18s as well as in Switzerland and Finland.

On FCAS, following the official signature of the Spain industry contracts, 3 partner nations are progressing towards a formal cooperation agreement. The 18-month Joint Concept Study and the Phase Ia of the demonstrator portion are progressing too. The goal for 2021 is for FCAS to enter the preliminary demonstrator development phase for the next-generation fighter and the remote carrier aircraft.

With regards to Eurodrone, we further advanced on the negotiation with OCCAR. We believe European defence budgets, national and European will support the path towards building European sovereignty and Airbus has the ambition to play a major role in this endeavor.

Space systems order intake growth was mainly driven by telecommunication satellites and earth observation and science. In telecom satellites, we see an upturn after a low market in recent years, albeit in a very competitive market environment. As in recent years, the space market will continue to experience significant transformation in the near-term, and in 2020 showed signs of recovery from the low market.

So now Dominik will take you through our financial. Dominik?

Dominik Asam

Thank you, Guillaume, and good morning, ladies and gentlemen. Our fiscal year 2020 revenues decreased to around €50 billion, down 29% year-on-year, driven by the difficult market environment impacting our commercial aircraft business as we delivered about 34% fewer aircraft year-on-year.

Our fiscal year EBIT adjusted decreased to €1.7 billion. This reflects the lower deliveries in commercial aircraft and some idle costs. We've taken the necessary steps to adapt our cost structure to the new levels of production and the benefits are materializing as we execute our plan. Fiscal year EBIT adjusted also reflects €1.1 billion of charges

recorded due to impairments and write-offs triggered by COVID-19. In 2021, we will focus on making our cost adaptation more sustainable and on addressing our earnings and cash growth trajectory for the period beyond 2021.

Our 2020 R&D decreased by €0.5 billion and stands at €2.9 billion. We aim to keep our R&D at a similar level in 2021 in order to protect our competitive positioning going forward. Our fiscal year earnings per share adjusted stands at €1.36 per share, using an average of 783 million shares. Our fiscal year free cash flow, before M&A and customer financing, was minus €6.9 billion, of which plus €4.9 billion in Q4. Our Q4 free cash flow reflects the solid level of deliveries in the quarter, the performance of the divisions as well as the benefits from a strong focus on working capital management.

Now on to the next page on our profitability. Fiscal Year 2020 EBIT reported was a negative €0.5 billion. The level of EBIT adjustments totaled a net negative €2.2 billion and included minus €1.2 billion related to the group-wide restructuring plan, minus €385 million related to the A380 program costs, of which minus €27 million were booked in Q4; minus €480 million impact from foreign exchange and balance sheet revaluation, of which minus €106 million in Q4; minus €149 million of other costs, including compliance costs, of which minus €21 million recognized in Q4.

Earnings per share reported includes minus €620 million of financial results. It mainly reflects interest result of minus €271 million; RLI impact and other financial results of minus €157 million, mainly from amending the French and Spanish contract to what the WTO considers the appropriate interest rate and risk assessment benchmarks as well as a net minus €149 million related to Dassault Aviation. It also includes the impairment of the loan to OneWeb recognized in Q1.

The tax rate on the core business is around 27%. The effective tax rate on net loss is minus 3.5%, impacted by impairments of deferred tax assets in certain tax jurisdictions and on certain investments. The resulting net loss is minus €1.1 billion, with loss per share reported at minus €1.45.

Now on to our hedging activities. In fiscal year 2020, \$17.1 billion of hedges matured at a rate of €1.19 with associated EBIT impact. During the year, we adjusted the phasing of our hedges by implementing rollovers mainly in Q3. We also implemented \$4.5 billion of forwards, of which \$0.6 billion in Q4, mainly to redesignate hedges disqualified from other aircraft-type families. In addition, \$3.5 billion of hedges have been disqualified in the fiscal year with maturing dates -- maturity dates mainly from 2022 and beyond.

After the full finalization of our significant rollover campaign, which addressed around \$40 billion of hedges, we have reestablished the hedge rates in our portfolio which will

evolve going forward with volume. As a result, our total hedging portfolio in U.S. dollar stands at \$81 billion with an average hedge rate of \$1.26.

Now let's look at our cash evolution in fiscal year 2020. Our gross cash from operations of €3.1 billion mainly reflects our EBIT adjusted before COVID-19-related charges. We paid the €3.6 billion penalty in Q1 2020. Our working capital, excluding penalties, has increased by €4.6 billion, reflecting mainly a decrease in trade liabilities, while inventory remained stable year-on-year. This mainly reflects the phasing impact from the adaptation of our production rates.

In Q4, working capital includes a positive effect from inventory as we managed to reduce the number of aircraft not delivered. That impact was partially compensated by the timing of payments and receipts.

Year-to-date, A400M continued to weigh on our free cash flow before M&A, but less so than in 2019. Fiscal year CapEx is around minus €1.8 billion, so €0.6 billion lower versus 2019 following the prioritization of projects. For 2021, we expect our CapEx to be at a similar level as compared to 2020.

Free cash flow reported was minus €7.4 billion. M&A activities accounted for €0.6 billion negative, mainly related to the acquisition of Bombardier's remaining stake in ACLP for \$0.5 billion in the first quarter. Customer financing contributed positively, approximately €0.1 billion. In the current market environment, a low level of customer financing may not be sustainable, and we anticipate some usage of cash in the coming years. We intend to mitigate that consumption via external financing sources with support from the export credit agencies.

In 2020, we have taken various measures to maintain the strong liquidity position while navigating the crisis. We have demonstrated our ability to raise liquidity, either by securing credit facilities from financial institutions or by issuing debt securities at favorable levels, thanks to our robust credit rating. As we entered into the crisis, our net cash position went down from €12.5 billion at the beginning of the year to €3.6 billion by the end of Q1. We, therefore, swiftly secured a €15 billion supplemental liquidity line to ensure the smooth continuity of our operations. We progressively termed out this supplemental liquidity line, now down to €6.2 billion.

Thanks to our strong credit ratings, we could limit our interest expense to €0.4 billion in 2020 and extend the maturities of our funding sources by issuing new bonds. In Q4, we upsized and expanded our €3 billion revolving credit facilities, which now stands at €6 billion. While we were in a net debt position throughout Q2 and Q3, our operational performance in Q4, together with our cash containment and adaptation measures, allowed us to revert to a €4.3 billion net cash position at the end of December. Overall,

our liquidity position, including available credit facilities, exceeded €30 billion at year-end.

Looking into 2020 and beyond, we will continue to maintain a strong liquidity position that will support us as we continue navigating the crisis and position us for growth once the situation improves.

Now back to you, Guillaume.

Guillaume Faury

Thank you, Dominik. On to commercial aircraft, so in 2020, we delivered 566 aircraft to 87 customers, almost 300 less aircraft year-on-year. In December, we delivered 89 aircraft and managed to further reduce the level of undelivered aircraft.

When we look at the full year '20 situation by aircraft family, on the A220, we delivered 38 aircrafts. The A220 fleet has recorded a high utilization rate compared to similar-sized aircraft in the crisis. Going forward, we expect a slower ramp-up than initially anticipated. This will impact the learning curve and translate into a slower improvement in unit margin, hence positioning our breakeven targets -- sorry, hence, postponing our breakeven target.

On A320, we delivered 446 aircraft, almost all of which were neos. We delivered 500 China-built A320 family aircraft, leveraging our global industrial footprint. And the A321XLR development is on track. Industrialization and start of widespread parts production for the first XLR is underway across Airbus sites and in the supply chain. The entry into service is scheduled in 2023.

Let's move to wide-bodies. On the A330, we delivered 19 aircraft. The A330-900 251 tonnes was certified in October. On the A350, we delivered 59 aircraft. And on A380, 4 aircrafts were delivered. A few aircraft remain to be delivered, and we are ramping down as planned. Overall, we delivered 77 wide-body passenger aircraft and 5 MRTTs. We still believe that the wide-body recovery will take much longer, so we have to be prepared to maintain our A350 and A330 production rates at low levels compared to pre-COVID. Our priority now is on adapting the fixed cost structure to restore their profitability at these lower rates.

Now let's look at Airbus commercial financials for the year. Revenues mainly reflect lower deliveries with a decrease of 297 aircraft year-on-year, of which 206 single-aisle and 91 wide-bodies. EBIT adjusted mainly reflects lower deliveries and lower cost efficiency. It also includes a €1.1 billion of COVID-19-related charges.

More detail at Helicopters. In 2020, revenues grew by 4.1%, benefiting from a favorable product mix effect as well as growth in services. We delivered 300 aircraft compared to 332 in 2019, including the first 5-bladed H145. EBIT adjusted increased by around 12% year-on-year to €471 million, reflecting strong governmental activities, reliable program execution and lower R&D. As a result, the profit margin stood in 2020 at 7.5% compared to 7% in 2019. Overall, the strong 2020 performance of Airbus Helicopters during the COVID-19 crisis provides resilience to Airbus and demonstrates that it remains an important asset in our portfolios, and not only because I spend a lot of time in helicopters.

Now on to Defence and Space. Revenues mainly reflect lower volume as well as the impact of COVID-19 on business phasing, mainly in space systems. The revenue decrease in space system also reflects the lower order intake in the past years. EBIT adjusted mainly reflects cost containment and lower R&D, partially offset by the impact of COVID-19, including on the launcher business.

For the A400M military transport aircraft, we delivered 9 aircraft in 2020. In December, the Belgian Air Force has taken delivery of its first of 7 A400Ms. Despite challenges due to COVID-19, we have achieved all A400M aircraft deliveries scheduled this year and are progressing well in terms of the capabilities road map with a flight test campaign on low-level flight and high overall delivery capabilities.

We will continue with development activities towards achieving the revised capability road map. Retrofit activities are progressing in close alignment with our customers. Risk remain on the development of technical capabilities and associated costs on aircraft operational reliability, in particular, with regard to power plants on cost reduction and on securing export orders in time as per the revised baseline.

Now on to the guidance slide. As I said, in this complex, volatile and uncertain situation, we issued guidance for 2021 which aims to provide some visibility. Let me read it to you.

As the basis for its 2021 guidance, the company assumes no further disruptions to the world economy, air traffic, the company's internal operations and its ability to deliver products and services. The company's 2021 guidance is before M&A. On that basis, the company targets to at least achieve in 2021 same number of commercial aircraft deliveries as in 2020; EBIT adjusted of €2 billion; and breakeven free cash flow before M&A and customer financing.

Given the global business environment, there will be no dividend proposed for 2020. This decision aims at strengthening our financial resilience by protecting our net cash position and that's supporting our ability to adapt as the situation evolves.

Now a few words to wrap up and address key priorities. 2020 was an unprecedented challenging year. Our full year results show that, overall, we believe we have taken some right decisions early in the crisis, working closely with all our stakeholders and that we have implemented them effectively throughout 2020.

Since the beginning of the COVID-19 situation, health of people has been a priority. It will remain as the pandemic is still active. Many uncertainties remain in 2021, so we try to remain very humble. We are committed to demonstrate our resilience once again and to protect our competitive positioning.

Consequently, our focus this year will be on delivering aircraft based on the agreements with our customers. And we will continue to closely monitor the situation of our customers on a case-by-case basis. We will also finalize the implementation of our restructuring plan.

Despite the overall uncertainty and complexity of the situation, we at Airbus want to be prepared for when the market recovers. Not if, but when. And we want our industrial partners to be prepared for it as well.

We will prioritize the further strengthening of the industrial setup and industrial flow, both in preparation for a possible rapid ramp-up for the existing portfolio, mainly on the single-aisle, post-COVID and in preparation for the next generation of aircraft. This means a further transformation of our industrial value chain. We will take steps towards a more streamlined industrial system and the higher density flow approach, one in which each sector brings higher value in a simpler chain in a reliable and competitive way. This will ultimately contribute to improving the quality, competitiveness and sustainability of the whole ecosystem.

In that perspective and in the perspective of the future architecture of decarbonized planes, aerostructure assembly is core for Airbus. We have started to reconsider the world logistics and planning area. Fast and agile planning and replanning capabilities associated with strong reactive logistics are, of course, paramount to a resilient and robust industrial system, in particular, in a very volatile and fast changing environment.

Over the long term, our ambition is more than ever to lead the development of a sustainable global aerospace sector. Therefore, we will preserve our ability to invest in decarbonized technologies in order to be well positioned to successfully address future challenges in a sustainable way. Of course, our key priority will be to deliver on our 2021 guidance, but we will also focus on our earnings and free cash flow growth trajectory beyond 2021.

With Dominik, we are now ready to take your questions.

Question-and-Answer Session

A - Thorsten Fischer

We now start our Q&A time. [Operator Instructions]. So Kritil, please go ahead and explain the procedure for the participants.

Operator

[Operator Instructions]. We have one first question from Mr. Benjamin Heelan from Bank of America Merrill Lynch.

Benjamin Heelan

I've got two. Firstly, on the guidance. So you've guided for at least flat deliveries, and you only announced a production increase about a month ago. Now on my numbers, it looks as though if you were to do flat deliveries, you wouldn't unwind any of that finished product inventory that you have versus the year-end. So can you talk a little bit about what is the upside there? Because I just find it surprising if you would be comfortable announcing a production increase and you still thought that you were going to end 2021 with a sizable amount of finished product. So that would be my first question.

And then the second question on EBIT. So the guidance for the year, it looks to me, so at flat deliveries, around €2 billion of EBIT guide. And you delivered €2.6 million in the second half of 2020. So you're run rating well ahead of that. And you also have this significant charge that you mentioned in your prepared remarks as well that impacted, I think, it was primarily Q2. So it seems to be -- to me very, very conservative or it seems as though there's something else that's going on in EBIT. So would you be able to talk a little bit about what is driving that €2 billion of EBIT guide?

Guillaume Faury

Ben, I see you're going straight to the point. No surprise. Maybe I'll take the first one, and Dominik, you take the second one?

Dominik Asam

Okay.

Guillaume Faury

So yes, we guide for at least flat deliveries. And this actually doesn't contradict our production schedule. So might seem a bit a contradiction.

Actually, we make a guidance in a very uncertain environment. We are guiding for 2021. But as I said in my introduction, we are also preparing for the ramp-up in 2022. At the moment the tipping point is quite uncertain in the year with a tougher situation in the beginning, and we see around us today, it's not developing as we were expecting. But also potentially better news on the second half of the year, given the news flow on the vaccines, the vaccination campaigns. And it's quite difficult to make an assessment in this environment.

So we wanted to give a guidance, and we have to give a guidance that provides, as I said, some visibility in a very dynamic and uncertain environment. That's why we give that guidance. That reflects what we think we can reasonably achieve given what we know today. Dominik, would you like to add? Or you go to the second question?

Dominik Asam

I would go straight to the second question. Yes, what you referred to is most likely that if we add back the COVID charges we have suffered from in 2020, there should be a higher EBIT at constant production rates. There are, however, a couple of points I want to highlight. First, we have kind of deferred push to the right, the ramp of the A220. And now we really have to go through this J curve in earnest, and that will cost us a kind of low triple-digit million increment. You've also seen in the chart on hedge rates that there's slightly deteriorate another couple of hundred million which we have to take out. And the biggest block is a whole bunch of initiatives where we really have cut cost, but in a way that was not super sustainable and where now, by virtue of doing the remain to do on the restructuring, we have to make it really sustainable for the coming years.

And these topics include a kind of massive drop-off in variable compensation, which will need to be normalized in '21. We basically cut travel to 0, and we will need to resume some activities. And we have frankly deferred some projects, which are necessary, but could be deferred for a while. And these are now kind of driven out of the P&L in 2022 and beyond because then we will enjoy the full year effect of the reduction of our restructuring.

Operator

Next question is from Madam Celine Fornaro from UBS.

Celine Fornaro

So my first question would be regarding also on the cash movement on the guidance, as we've touched on the other elements just now. So if you could provide more color on the different moving parts on the cash for 2020. And most importantly, so what is the

prepayment assumption or the unwinding of prepayment that you're currently taking, Dominik? And also on the inventories for the wide-bodies and the unwinding there?

And my second question would be regarding the restructuring of the group. If maybe you could provide us more detail on the progress there? And what are the latest reduction or employment reduction numbers that we should be expecting? So referencing to around the 15,000 before, but also the tailwind from 2022 that you actually would expect to enjoy on a sustainable basis?

Dominik Asam

Sure. So indeed, the free cash flow is really the most complex topic because there's so many puts and takes we have to take into account. As you highlighted, one key topic is actually the PDP flows. We have gone through a very comprehensive rescheduling exercise with our customers. You might have seen that overall contract assets liabilities have been actually slightly positive still for the full fiscal year. So we have been basically able to cling on to the PDPs. We didn't let them go for good reasons, to protect future deliveries, but we deferred some aircraft to the right.

The result of this is that customers have now a little bit of a kind of breathing room because they will need to pay the PDPs as a function of the delivery date. And as we push stuff to the right, the PDP inflow will kind of gradually go down next -- so 2021. So this will be the biggest headwind, I would say. And if we talk about significant billion number, yes, we don't talk about €1 billion, we talk about more than that.

What will improve, of course, is the cash out we suffered from the trade liabilities, which is very much linked to the rate adaptation, minus 40% in rates. That's behind us. And depending on when -- if and when -- or when we will re-ramp, that will give us a certain offset.

The inventory question is the one that was already mentioned on the call by my colleagues here, which is a question of how much can we really deliver. If we are able to deliver some of the finished goods, that can give us a boost on the inventory. But in that guidance, we basically have made no strong comment in the direction that we are going to reduce. With at least flat deliveries, we would actually have a similar position as we had coming into the year.

So that very much depends on the customer interaction on COVID wave 2, on how the vaccine comes in, and yes, this is quite clearly dependent on the deliveries. So these are the free cash flow topics.

On restructuring, the goal for commercial was about 15,000. And recall, there was also a program in Defence and Space, 1,900. I can say that very roughly, these measures

with long-term partial furlough and we are supported by R&D and what we call CORAC and LuFo in Germany and France and other countries would be able -- would enable us to have 1/3 of that number kind of, to a large degree, paid by governments. So we can keep these people without really having the full burden in the P&L.

So if you then deduct that, you will see that the overall program, if you take Defence and Space, plus the 15,000 commercial together, it is another -- there's a kind of 11,000 really to be reduced. We have reduced by now 3,600. So you see, we have another 7,500 to do. And this is what I referred to before that, that 7,500 is still gradually phasing in, in 2021. And we will benefit from the full year cost reduction only in 2022.

And this will then enable us to kind of offset the nonsustainable part of the cost savings we've done in 2020. So that's the overall picture, how we really try to keep the cost base flat through that restructuring.

Celine Fornaro

Well done, guys, for 2020.

Guillaume Faury

Thank you, Celine.

Operator

Next question is from Mr. Chris Hallam from Goldman Sachs.

Chris Hallam

So a couple of questions. First, I just wondered what your ambition now is in terms of timing for the 10 per month target on the A220. And whether that's still the right level that we need to get to in order to demonstrate a reasonable margin on that project?

And then secondly, Dominik, I think you just referenced earlier higher project spend in 2021 being one of the year-over-year bridges -- year-over-year headwinds. Does that come within the R&D line? And if so, what's the expectation for R&D within the Airbus division?

Dominik Asam

Okay. So on A220, I mentioned the J-curve is deferred to the right. Of course, COVID has triggered a massive push to cut costs further in A220. I think we used to comment that the breakeven point for the program lies at around about -- a good utilization both in Mobile and Mirabel, and then I think if you do the math, it's about 150-plus aircraft. I think we can bring that down a little bit. But in terms of how long it will take us to get

there, we think it is middle of this decade. So we -- I would say, we're pushing it to the right, but maybe a year, but still to be seen.

On the '21 projects, this is not so much R&D. This is really on stuff -- on compliance-related topics, controls, topics and things we really have to do. IT, very much IT-related topics, where we've been very, very strict in 2020 and we're really -- we need to make our systems more robust. But again, the idea is not to kind of let that stick, but really to drive it out by virtue of the restructuring benefits we are going to do to maintain the cost position that we have achieved in 2020.

Operator

Next question is from Mr. Olivier Brochet from Crédit Suisse.

Olivier Brochet

Congratulations on the year, quite impressive given the circumstances, indeed. The first question I would have is on the ramp-up and how it is progressing and especially on the past areas of problems for the ACF to check that they have disappeared so that there are no new areas of risk?

And the second one is, I was intrigued by a comment made by Guillaume on aerostructures that are core for Airbus. It's quite a strong statement, I understand that. But does it mean that there could be M&A from your side on that -- in that domain?

Guillaume Faury

Thank you, Olivier. Yes, indeed, I will explain on aerostructure what I mean. So on the ramp-up -- and thank you for the question, because we are looking at 2022 and 2023 with appetite. We think we'll be in a ramp-up again and we want to be prepared for that.

The challenges we had in 2019, 2018 and at the end, mostly related to the ACF version of the A321, they are really behind us. Actually, they were already behind us in Q1 2020, and we were about to celebrate when we were hit by the pandemic. But I would consider we have to remain very prudent because I think the supply chain now is probably the area where we have to be very focused, in particular, with all the rundown which took place in 2020, all the measures that the suppliers have to take to adapt themselves to the new situation. And we are really concentrating our efforts. We did it last year. We will do it even more this year on looking at the potential bottlenecks for the ramp-up moving forward.

So I think the risks of the past are really now well controlled, well balanced or mitigated. But I would not consider we are risk-free for the next years. On the contrary, it's all about hard work.

Now when it comes to aerostructures, well, I was not suggesting that we would go for large M&As. By the way, I think most of the aerostructure production, not all, but most, is within our subsidiaries, that's STELIA, PAG.

What I mean is it's core, so we will concentrate on improving the competitiveness. As I explained in my introduction, making the global setup simpler and with better logistics. We will also focus our efforts on making it consistent with our ambition on reducing the CO2 impact of the company, and we believe aerostructures are core also in the perspective of future architectures of planes and digital design and manufacturing where the integration between design and production systems will be much deeper. And therefore, we believe it's more appropriate to consider aerostructures as core when we are going for new architectures and probably also more integrated professional systems. That was the meaning of my comments in a nutshell.

Operator

Next question is from Mr. Tristan Sanson from Exane BNP Paribas.

Tristan Sanson

I'm going to have two detailed question, not super strategic -- I'm sorry, Guillaume, for that -- about your guidance for deliveries this year. The first one is, can you remind us what the number of finished aircraft that you have on the balance sheet? It was 175, I think, at the end of September.

So what's the translation at the end of December, first? And the second question, you say that stable deliveries, so 566 is what you think you should at least achieve this year. And you gave that helpful comment that it includes no tailwind from inventory release. But there seems to be even below the level of production rates at the end of 2020, not even including any tailwind from the ramp-up of the A220 and the A320 you announced for this year. So if the inflection in the end market goes fairly fast and goes well, what is you think the maximum number of aircraft you can deliver in 2021?

Guillaume Faury

Yes. It is a difficult question, actually, but let me to make it simple. So we continue to reduce the number of planes in inventory in the fourth quarter. We ended up slightly below 3 digits, so close to slightly below 100. Well, the point is when is the point of inflection? And there is uncertainty on that one.

So we believe it's reasonable to say it will be at least at the level of deliveries of 2020. You can see with the production planning, I mean, we are quite transparent on the production rates, that there is on the supply side some upside. But we will be limited in

2021, again, like in 2020, by the demand. And that's very much on that front that we want to -- I mean, not going to maneuver, but visibility and prudence. And make sure we are not giving a guidance at a moment where things will change and we cannot deliver our guidance under reasonable circumstances.

That's a bit the situation we're in. It's not an easy one. We think it's better to give a guidance that provide, as I said, some visibility. And we'll see moving forward how the situation is evolving. Unfortunately, we are giving that guidance at a point in time in the year where the short-term situation is more -- getting tougher, can be better. And therefore, that's the very paradox of the situation we're in. And therefore, the guidance we have provided.

Tristan Sanson

Okay. That's clear. So I understand the logics, but in term of maximum number at this stage, it's too early to tell what could be the best performance you can achieve in 2021, the number of aircraft?

Guillaume Faury

Best number, I'm not sure it's the right term. But the -- there is upside on the production side, and if you just have a look at the production rates to have an idea of what would be the potential upside. But again, let's be very prudent. It's going to be a market limited by demand in 2021. And the production rates, as you have seen, in particular for the single-aisle, are going up end of 2021. That's by far more to prepare and anticipate and serve the growth we see coming in 2022, which at this point of 2021, seems really secure and robust than the slight ramp-up end of 2021.

So that's the situation we're in. We are in front of a ramp-up. But the very short-term is not of that nature, and we have a lot of difficulties to estimate appropriately the tipping point. That's the situation we're in.

Operator

Next question is from Mr. Jeremy Bragg from Redburn.

Jeremy Bragg

Two questions, please. Firstly, on the structure. Could you put a euro number on the restructurings, please? For reference, Boeing has said \$5 billion of structural cost out on 26,000 employees leaving their company. And also, would it be possible to know how much support you're getting from the government at the moment? So how much would be incremental? So that's question one, please.

And then question two would be around customer financing. Dominik, you hinted that it's low. It might not stay low. Would it be possible to put some numbers on that? Obviously, in the last downturn, we were worried about it, but the Export Credit Agencies stepped in. But in the previous one, you guys and Boeing ended up having to finance quite a lot of deliveries yourselves.

Guillaume Faury

Yes, and I will hand over to Dominik for the answers. But one aspect of the situation I'd like to share with you. The complexity of the situation we're in, and it comes as well -- I mean, we discussed deliveries, but it's the same for structure. We want to adapt to the new situation, but we believe we are not adapting to a new situation. That will be staying like this. What we see is beyond the pandemic. There will be a return to growth and significant growth, and there will be some catch-up compared to the pre-COVID-19 situation, and we don't want to hamper our ability to move forward, to innovate, to deliver and to be successful in the future.

So we are taking cost out. We are clearly adapting to COVID-19. We have not hesitated to do it. But we want to do it in a way that can be compatible with this ambition for the future. So now having said that, Dominik, I hand over to you for the answers to the 1 and 2 questions.

Dominik Asam

Sure. So on the restructuring, as I've already indicated, the remain to do is about 7,500 for both Defence and Space and Airbus commercial. Now the provision that's still out there for that is €1.2 billion. So you can kind of calculate from that what's the cost per employee. And we've also indicated that this type of accrual is normally more than a yearly salary, and you can find some data also in different reports on Airbus that -- what's the average salary, so let's talk about the kind of low -- in the kind of low €100,000-plus area, if you fully charge it with all these social charges. So that gives you quite a clear view on what's still the remain to do on the restructuring and cost improvement there.

But don't forget, on top of that, you have improvements in reducing general procurement, be it with subcontractors, temporary workers, but also just the general IT spend reductions and all these things, and this comes all on top.

On the customer financing side, it's really hard to quantify. First, I have to highlight, it's not our intention to do more than what we need to do. We are not a bank, we are a manufacturer. We have a strong balance sheet and rating. So if need be, we can make our balance sheet available to some degree, but we don't like to do that in principle.

And yes, I think our biggest support right now is Export Credit Agencies who have been

already very helpful in 2020. The funding percentage of aircraft delivered by funding export -- funding through Export Credit Agencies has increased from 2% to 10%, and we hope this trend is only the start.

So it's really hard to predict. But I think in a difficult circumstance, it could be that we see like €1 billion-plus on a yearly basis, which is, of course, far more than we've done in the last years. In the last years, we've released money. So that's the kind of indication I want to give. But again, with the big caveat that it's very hard to judge because we will, of course, try to syndicate. It very much depends on the strength of the financial markets, too.

Operator

Next question is from Mr. Christophe Menard from Deutsche Bank.

Christophe Menard

Yes. Two question on my side. First, a question on the midterm cash conversion objectives at Airbus. When do you think you will be able to revert to those objectives mentioned in the past? And the second one is, can you comment on the aircraft financing market in 2021? Is it better? Or more difficult than what you've seen in 2020?

Dominik Asam

Okay. So midterm cash conversion, I think the story is pretty much unchanged from what we used to tell you. There are a couple of headwinds. The 2 big ones that are well-known is A400M where we basically have protected the EBIT by a loss-making contract provisions, and still suffer some cash burn. We said it's less pronounced than what we had last year, but it's still a mid-triple-digit million. And frankly, we'll be there at least this year and maybe also to some degree next year.

And then we have the A220 cash burn, similar story. By virtue of the purchase price allocation, we have protected the EBIT. And there is, again, another kind of mid-triple-digit million amount to overcome. And the key to come to a cash conversion of fund is really to drive these two big factors out of the P&L. And I'd say on A400M, as we have previously indicated, no change on that. And on the A220, I would say that's slipped to the right because of the COVID by a year or so.

Christophe Menard

And on the aircraft financing environment?

Dominik Asam

I'm sorry. Yes, aircraft financing environment, I think in general, as you can all observe, the financial market, contrary to what we've seen in 2008 and '09 is very strong. I mean be it Airbus and other corporates can fund very well in the market if you wanted to. Luckily, we don't need now because our cash is really abundant as we speak.

But for our customer, for the vendor financing, there is, I think, the strong general backdrop against we operate. But there's also, of course, a little bit of a kind of difficult neighborhood issue with the aerospace industry right now. So investors are not as smart on these sectors as they used to be a year ago for the obvious COVID reasons. But vaccines and recovery in the market will, of course, strongly impact that.

So for the time being, we actually see that the lessors are still quite solid. There are some weaker ones which are struggling, but there's also new money coming in from new parties interested to capitalize on the crisis. So in general, it's not a catastrophe. It's incrementally more difficult, but I think we can manage. And as I mentioned, the ECAs are really stepping up the pace enormously.

Christophe Menard

So it basically means that if there is demand, there is also financing available? It's all about demand recovery?

Dominik Asam

In general, yes.

Operator

Next question is from Mr. Robert Stallard from Vertical Research.

Robert Stallard

A couple of questions. First of all, Guillaume, on the roughly 100 aircraft that you had in inventory at year-end, I was wondering if you could give us some clarity on whether these aircraft have customers or whether they have white tails? And also what the split is roughly of narrow bodies versus wide-bodies? And then secondly, probably for Dominik. On the net cash balance, once we're all through the coronavirus, what do you think is a good net cash balance for Airbus?

Guillaume Faury

Honestly, I don't have the split between single-aisle and wide-body, maybe Dominik has. Now to the first question, it's vastly aircraft with customers. We have a small number of white tails and the production adjustments we have made very early in

COVID-19 has very much helped to be in that situation and the low number of cancellations. So overall, we are on the safe side when it comes to white tails. Do you have the number, Dominik?

Dominik Asam

I don't have it. I think we can find it for you. But I mean we are not disclosing it, actually.

Guillaume Faury

We don't. We don't know.

Dominik Asam

And the trend is that it's more single-aisle than wide-bodies in that backlog -- in that undelivered aircraft number. Now net cash was the second question, I guess. I always am asked the question, do we think that the €12.5 billion we entered the crisis with was a good number to be with. And I think the answer is quite clearly, yes. We have been able to go through the crisis also by virtue of that strong cushion.

Now we have paid the fine of €3.6 billion. So that's something we have to adjust for. So very roughly, we say that a €10 billion net cash balance prior to the pension deficit we have, which is another €10 billion negative here, you have to keep that in mind, is a good position to be in.

Operator

Next question is from Mr. Andrew Humphrey from Morgan Stanley.

Guillaume Faury

Hello? We don't hear you. Still don't hear you. Sorry for that.

Operator

So we have a next question from Mr. Andrew Gollan from Berenberg.

Andrew Gollan

Can you hear me okay?

Dominik Asam

Yes.

Guillaume Faury

Yes, we can hear you.

Andrew Gollan

Yes, a couple of questions from me, too, as well. So first one is on the order book valuation. So it's down about €100 billion. So there's definitely more than the consumption and the 115 cancellations. So presumably, that's down to the recoverability point that you made in the commentary. So maybe, could you talk us through the components of the change in that order book valuation?

And then the second one, I'm sorry to come back to it, but the -- it's the inventory burn down point and guidance, it's obviously prudent. Previously, you have inferred that there will be some kind of burn down through 2021, and that was based on customer discussions.

Has there been any specific change in your customer discussions that's caused you to be more cautious? Or are you just looking at the market more generally and saying it's tough out there?

Guillaume Faury

Maybe I'll start by the second question. Well, what is prudent in this environment, that's not easy to say. No, there's not been any specific change to the situation with customers. So that's really the uncertainty on the pace of recovery, the so-called tipping point, when it will happen, and that's really the level of uncertainty we have. On the order book valuation, Dominik?

Dominik Asam

Sure. First of all, you have to look at the depreciation of the U.S. dollar from the opening balance sheet to the closing balance sheet, which was 9%. So that's very massive, representing about €35 billion, just that one.

Then as you mentioned, there is a positive delta between deliveries and, of course, orders were sluggish in COVID. So I call that the good cholesterol. Basically, you shipped a lot of -- we shipped a lot of aircraft. What I would call the bad cholesterol, which is the sum of cancellations plus recoverability issues, is actually no more than about 10% of the opening U.S. dollar values of our backlog. So that's just a number in comparison to competition that we've done actually quite well and maintained a strong backlog.

Operator

The next question is from Mr. Carter Copeland from Melius Research.

Carter Copeland

Just a couple of clarifications for Dominik. The PDP headwinds that you expect, is that a 2021 phenomenon? Or do you expect that to stretch in 2022? And if so, how do we think about the variance between the 2 years?

And then as a second, just maybe if you could help us with some color on the year-over-year bridge between the EBIT impacts of furlough schemes, the incremental restructuring benefits that you expect and the variable compensation? Just those 3 pieces seem to be the most important for the year-over-year bridge on EBIT.

Dominik Asam

So on the kind of inventory -- sorry, on the PDP headwind because of the deferrals, I mean the deferrals, on average, they are not only 1 year. So yes, of course, the bulk is coming now in 2021. It will still be burdened to a certain degree in '22, but much less so than in '21. I'd say, and then hopefully, normalizing '23 time frame.

Sorry, the second question was the...

Guillaume Faury

Year-on-year bridge...

Dominik Asam

Year-over-year, yes. I don't want to break it up into these different components. But in total, we talk about a mid-triple-digit million number for all these, what I call, nonsustainable savings in 2020.

Operator

Next question is from Mr. Harry Breach from Stifel.

Harry Breach

Can I ask you a couple? And forgive me, I'm very slow to understand. Dominik, just on the A400M, can you just recap on the profile of the cash out on that? I think I heard you say mid-triple digit this year and then the same next year in 2022 before being maybe down -- was it 0 in '23?

And then the next question, guys, was just about the -- thinking about the ramp, thinking about the supply chain. There have been some comments in the press over the last couple of months that there were certain suppliers, maybe at some of the usual pinch points that we know and love, that had been requesting cash advances prior to

ramping production. Has there been any of those kind of demands from the supply chain? Or are they generally amenable to increasing production and taking payment upon delivery as usual?

Dominik Asam

So on the A400M now, Thorsten has to help me. But I think last year, we said that we have a couple of mid-triple-digit million for a couple of years and tapering off over the following couple of years. And my point was, this is unchanged. This is the same story. We are running exactly on that curve, it was like predicted.

On suppliers -- so on cash advances, I mean, of course, there's always the reaction of suppliers to try to get money from us, but we try to resist that as much as possible. We think it's our job to make sure that what we need to do to secure the ramp is finance's part, and it's their job to do that on their side. And of course, the important thing is to -- if we ever do that, it has to be limited to long lead time items where we just have a long visibility, but we try to really keep that to have some really momentum. I don't see a far-reaching request in that front.

Operator

And we have a next question from Andrew Humphrey from Morgan Stanley.

Andrew Humphrey

A couple, if I may. One is on single-aisle production in particular. From your comments on order reprofiling and production on the ACF, in particular, you appear to have reached a level of stability on that program now. Can you talk about how far you believe you've been able to protect longer-term structural profitability, as we've discussed in the past on your core single-aisle product?

And secondly, a bit of a backward-looking one. At this time last year, you highlighted that an additional -- in addition to €3.6 billion of compliance costs, you're expecting to face another, I think, high triple-digit million amount of cash costs relating to those compliance costs. Can you confirm, have we had that in 2020 already? Is that still outstanding? Is it still expected?

Guillaume Faury

Okay. Thank you, Andy, for your questions. I will mainly revert to Dominik. But on the single-aisle production rate, yes, we have good performance and stability but at low rates in 2020, 2021. So the challenge will be, again, when we will be reaching the rate 60. So it's far out, and we have to make sure we go there in a seamless way. Now on the profitability of the single-aisle and the other questions, Dominik?

Dominik Asam

Happy to, Guillaume. So again, I don't want to kind of split it out program by program. But the general thought, I would say, on the profitability of Airbus is the following. We had I think 863 deliveries in 2019. And when we come back to that type of rate level, there are, of course, on the one hand, the benefits from the restructuring we just discussed at length. But there is also a couple of headwinds.

First of all, we've shown you the foreign exchange curve. So you have to really look at the dollar impact. We see a depreciation in the portfolio because of the forward points and the depreciation of the dollar. By the way, we were lucky that we decided to roll all the hedges on to deliveries to protect us somewhat from the depreciation of the dollar. That's one point.

The other point is really a mix issue. We are basically seeing a shift away from wide-bodies, which actually had a good contribution margin to the A220, which is basically protected by loss-making contract provisions. And we discussed in the early innings of this call, how long it will takes us to break even on that program. So that is a very significant number, well beyond €1 billion, if you just look at the structural shift from here to there.

And then if you compare ourselves to 2020, we have really cut R&D massively and there will be some recovery, I think. So we are really planning going forward as we reincrease rates to also adjust that upwards a little bit. And this is why we say taking all that together, we should be kind of at a similar margin level when we are at the same delivery rates in 2019 going forward.

But I can also confirm, the single-aisle is quite stable. I mean in the single-aisle, we have a strong backlog. There is no need to make stupid things on pricing. The wide-body is really the more difficult part where we lose volume, we have more price pressure. And this is the biggest headwind that we basically kind of have a lower contribution margin from wide-bodies and no contribution margins in the early innings from the A220. And this is why we will need the restructuring benefits also against the dollar to balance on the margin side.

Andrew Humphrey

Okay. And on the compliance costs?

Dominik Asam

Yes. Compliance costs, indeed, I mean you can imagine that we basically were really protecting cash this year. So we try to avoid cash out as much as possible. We defer

discussions with parties here, including tax authorities. So that will still come over the next couple of years, I would say. But of course, we work as hard as we can to minimize that.

I have to say, though, I think that's very important. We have managed to get out of 2020 without really putting any mortgage from the future. So the way we managed it is not kind of to be on the cash side pushing everything out into the future, everything that's cash out -- we told our people to get all the cash from the customers in to make sure we really have it, because the situation is very uncertain. But otherwise, I can say we were kind of pretty clean and have a pretty balanced view from cut off 2020 to 2021.

So this is one exception. But there's others where we look good. So I think overall, we're pretty neutral.

Operator

We have the next question from Mr. Doug Harned from Bernstein.

Douglas Harned

The first question is, I want to imagine if we get to the end of this year and we're seeing the inflection happen, and you're looking to ramp up the A320 family back to a 60 a month type level. Can you talk about from an operational standpoint, if the demand is there, what kind of rate increases do you think are possible to get you back to those former levels?

And then a second question. If we go back to 2019, when you were at breakeven on the A350 at a 10 a month rate, it doesn't seem like we're going to get back to that kind of rate for some time. When you look at the cost reduction efforts you have in place, what kind of production rate on the A350 do you think you can still get breakeven now when you look forward?

Guillaume Faury

So I'll take the first one. Dominik, you can take the second one.

Dominik Asam

Okay. Yes.

Guillaume Faury

Speed of ramp-up of the single-aisle, it's a bit premature to -- this indication on 2022. I would say, obviously, it can be much faster than the initial ramp-up we had when we had to go progressively from 40 to 50 to 60 because the production system has been

still existing. I mean the toolings, the plants, so that's more on the human side that we will have challenges.

That's why we're working on identification of the potential bottlenecks with suppliers. We give indication for the supply chain to what we will be doing in 2022, again, subject to when we see the tipping point in 2021.

So I don't want to be specific on the answer because I really believe it would be premature. But my general answer is, would the demand be at the right level, we could ramp up much faster than what we've done in '17, '18, '19 -- or '18, '19, mainly for the neo. So I think it's very likely that 2022 will still be constrained by the demand, a much stronger demand than in 2021, but probably not yet at the level of the production capacity.

Dominik Asam

On the wide-body breakeven, we want to get to a breakeven for our wide-bodies, even at the current rates. This will not happen this year, I have to confess. It takes time. I think the restructuring we mentioned is already pushing us a long way towards that goal. It's part of that equation. The other topic is design to cost measures, which take a little bit longer to mature. And also a reason why we need to invest some money to get there. But I think within the OP time frame in the not-too-distant future, these programs, even if we were stuck at these levels, should be breakeven or better.

Operator

We have one last question from Mr. Zafar Khan from Societe Generale.

Zafar Khan

Just a couple from me, please. Helicopters and Defence and Space, very good performances in 2020, and surprised nobody asked a question on this. So I'm asking just on the outlook for these two businesses as we go into this year and next year. Were there anything -- any unusual numbers within those 2 divisions? So can we look forward to steady growth in these two? That's the first question.

The second one is just in terms of the -- on the commercial aircraft. When you're cutting the metal, are you doing that strictly with a customer there? Or are you doing some speculative wide-body production? And just supplementary on the A380, I think there's four aircraft left to deliver this year. Can you confirm that, please?

Guillaume Faury

You start it.

Dominik Asam

Thank you. So Helico and Defence and Space, yes, we are very happy with the performance. Also, by the way, on the cash front, they did very well. On Helico, it has been a gradual grinding improvement year-by-year by improving the services business in a very tough market environment. I think we can say we have hopes that we can extrapolate that to some degree that we add a little bit of a margin every year going forward, despite the adverse environment because the services business is really coming together nicely. And there's also some nice campaigns in Military, which should help.

On Defence and Space, we have a big restructuring effort. I have to say that they did a lot of things this year in 2020 to mitigate COVID, in space, in particular, because of launcher delays, we had big hits. So that makes their performance even more remarkable. But there again, we have a similar situation as an Airbus commercial that now in 2021, we have to do something that we have deferred, and I see more kind of flattish development. But then by virtue of the restructuring, again, similar to Airbus commercial, some good upsides in the years thereafter. Do you want to comment on the [indiscernible]?

Guillaume Faury

Speculative orders and -- or maybe I'll answer that one. Well, we are mainly relying on the backlog. And we are not betting on speculative orders at the moment. There will be room for some opening demand, we call it, when we look at the forecast that's more '23, '24. We don't want to bet for '21 and '22 on orders. We will get now that we think it's too risky. And we enjoy a strong backlog.

So that's basically my answer. We are not speculating when we cut the metal on orders that could come. We are securing our deliveries based on backlog, on negotiation with customers and trying to be as reliable and predictable as possible.

Dominik Asam

Yes. The A380s are the Emirates ones, which are still outstanding. Everything else is delivered. So these will be delivered as planned in the coming years.

Thorsten Fischer

So this closes our conference call for this time. If you have any further questions, please send an e-mail to Philippe Gossard or myself. We will get back to you as soon as possible. Thank you, and I look forward to speaking to you again soon.

Dominik Asam

Thank you very much, everyone, and stay safe.

Operator

Ladies and gentlemen, the conference is now concluded, and you may disconnect your telephone. Thank you for joining, and have a pleasant day. Goodbye.