



FEDERATION INTERNATIONALE DE L'AUTOMOBILE

Press Information

**2013 Australian Grand Prix
Friday Press Conference Transcript
15.03.2013**

TEAM REPRESENTATIVES – Eric Boullier (Lotus), Paul Hembery (Pirelli), Jean-Michel Jalinier (Renault Sport F1), Martin Whitmarsh (McLaren), Toto Wolff (Mercedes).

PRESS CONFERENCE

Jean-Michel, after three very successful years in your partnership with Red Bull as the engine supplier, what are your objectives for this 2013 season? Another double world championship?

Jean-Michel JALINIER: Obviously to renew the success of the past year and win a new title or two new titles with our partner Red Bull.

Could it be quite a difficult season for you as an engine manufacturer? Whilst you're keen to develop and progress the 2013 engine it is the last year we'll be using that engine and you have a very big programme for 2014 ahead. How do you manage that balancing act?

J-MJ: Well, it's correct that there is a challenge because we have to provide the right level of service and performance with the current engine and at the same time develop the new engine. And during the current year the staff of Renault Sport F1 are going to be allocated from V8 to the new engine progressively.

Paul, an awful lot of data to go through after the first two practice sessions of the season. How happy are you with the way the tyres stood up to the demands of the Albert Park circuit today?

Paul HEMBERY: I'm really pleased, to be honest. After the winter testing, which was obviously not particularly good from a tyre perspective. To finally get running in the normal running conditions, we are pleased. We found that the medium tyre is lasting 22-24 laps which is what we needed. And the supersoft – very much a qualifying tyre here. You've got to your time in and probably do a short stint at the start and then you'll be looking at a two, possibly three-stop strategy. From our point of view that's in line.

Do you feel the drivers might have to change the way they warm the tyres up, especially for qualifying with the supersoft, the changes to the compound and the construction? Do they need to be a little more gentle before they go for a flying lap?

PH: Well, we haven't had the debriefing yet, that's going to happen this evening to try and understand how it felt when they were doing quick runs and also when they were on the full fuel loads at the end, to do the start-of-race simulation. But at the end of the day the supersoft really is just intended as the tyre to do a time with and

the main race will be held on the medium tyre. So we don't see any particular issues.

Toto, rather dramatic end to the second practice session. Explain to us what happened with Lewis Hamilton and subsequently Nico Rosberg as well.

Toto WOLFF: We got some good mileage on the car today but at the end we had some minor issues. We had a gearbox issue and a problem with the bib. So it's not a big drama.

On both cars, gearbox issues?

TW: No, on one car.

And what happened to Lewis, driver-error?

TW: No, we had a slight problem on the bib, not a driver error, it caused some understeer and he went off.

Off-track it's been quite a busy winter at the team, changes to the management structure. Explain to us now who's in place and who does what and who has responsibility for what.

TW: It's pretty clear now isn't it? We tried to keep you busy over the winter! The structure's actually pretty simple. Niki [Lauda] has been the chairman of the board since a couple of months in a non-operational function. And I have been recruited, basically, to step in for Norbert [Haug] as the motorsports director, and equally in an executive function in Brackley for MGP. So I'm having two heads on, actually.

And beneath you Ross [Brawn], as team principal, still has the same responsibilities as before?

TW: He's not beneath me, it's a different position and he's team principal, he stays the team principal and he's responsible for the racing. It didn't change to last year.

Eric, Lotus, how do you fare from today's two practice sessions? How pleased or otherwise are you with your performance?

Eric BOULLIER: I'm pleased because obviously we had to fulfill our testing schedule for today, so no issue and we could go through everything we wanted to test and obviously understand. Performance is not so bad, I have to say, so happy and pleased with where we are. Obviously there's still a lot to learn from tyres and obviously the rest of the weekend, maybe the wet forecast is obviously another challenge coming.

Talking of challenges, if we have a development race this season, how well-equipped are Lotus? Do you have the budget you think you need to win a development race?

EB: Definitely. We have the budget in place. We have already anticipated the split from the resources we have to put on the 2013 car and obviously the 2014 challenge, so now everything is in place.

How was the view from pit wall at McLaren today? From the outside we might detect you were struggling a touch.

Martin WHITMARSH: Thank you, that's a very kind understatement. It was one of the hardest days I can recall. I don't think we've got time here to summarise the day but I think we were lacking overall grip, consistency, we had understeer, poor ride. So a very difficult day, one where we didn't go forward during the day, so that's a bit

of concern. But we have a lot of data and the team will, I'm sure, be working long and hard tonight and clearly it should be a base we can improve upon and hopefully we can do so tomorrow. But I think it was a disappointing and a tough day for the team.

Are you getting sleepless nights at the moment? McLaren has been a team that has developed well in the past but starting from a low base is not what you or the team would have wanted?

MW: No it isn't, but it's a long season. We knew consciously we made quite a lot of changes to the car running into this season and at the moment we don't fully understand how to get the best out of this car at the moment. So that's a choice you make. It's a season that lasts between now and the end of November and we will be able to race throughout that period of time, developing the car. That's what we set out to do. Of course it's much more comfortable to start this season competitively and then fight from that. We've done both in our time. This feels pretty tough at the moment but we're a strong team and we'll have to find a way through.

QUESTIONS FROM THE FLOOR

(Dieter Rencken – The Citizen) Gentlemen, your companies are in Formula One basically to use performance as a marketing pedestal or platform to be seen by a worldwide audience. Yet with the recent move to pay-per-view television audiences are dropping off. People are talking about 19% cumulative drops in the UK, 70% possibly in France, Jean-Michel. How do you people feel about this and how can you reverse this trend?

J-MJ: Yes, it's true that in France we're going to pay-per-view but it's a worldwide exposure and this is France and only France, so it's not a worldwide big issue. We're counting on quality because we have today a commitment from Canal Plus to deliver real quality in the job they're going to do to cover Formula One. We hope quality is going to be the master word.

PH: Well, I agree that there's some quality broadcasters going into the sport and there's no doubt that the level is being raised all over. Having said that, when you do your calculations to monitor your investment in the sport, or any sport, viewing figures are also vital. There's probably a bigger picture involved in terms of what's happening with the television world overall. It's not just about motorsport in reality. Broadcasting is something that can't rely on national broadcasters anymore. Pay TV is probably going to be future. It might not be today. At the moment we might lose some viewers in the short term but long-term that's probably where we're all going to end up. So, it's a hard one to call. You have to be slightly worried about it, but equally [about] what's happening in the television world generally. It's not just about Formula One, it's the television business model as it currently stands.

TW: I would agree with Paul. We're seeing a switch in the model. I'm not so worried because what we see is that in the US it's functioning very well. All the big sports platforms are transmitting on pay-per-view or pay TV. Probably it's a difficult transition, it's going to be painful at the beginning but it looks the way forward.

MW: We've got to accept that the world is changing and media is changing, so clearly pay-per-view in the first instance has reduced the classic audience size and that's got to be a concern. All we can do in Formula One is put on the best show and make the most entertaining show we possibly can. Also I think we have to work hard on all the other platforms because less people are watching television in the traditional sense. They are watching it in deferred modes, so they're watching it through mobile devices, laptops, tablets etc. So we have to look at the complete

picture of how people view their entertainment, how they use entertainment. The idea that the audience is always going to sit down at one or two o'clock on a Sunday afternoon and watch us is clearly going to change and we've got to accept⁵ that we have to make the best show we can and Bernie and his team have got to go out and market it and exploit it and get us as big an audience as we can possibly get.

EB: I think most has been told by my colleagues but if I may add something, going pay TV obviously it's a changed audience. It's clear that with live TV viewers you have different figures but I think the cumulative audience will be also stronger. I think if you take the example of some urban markets going to pay TV, I mean we always look at the global audience and actually America is going to be free-to-air so I'm sure the audience numbers will largely cover the difference in Europe

(Alex Popov – RTR) The question is for Toto and Eric. What about the new passive DRS on your car, will you use it here, or if not, will you use it in Malaysia. And also for Toto, can you confirm that Daniel Juncadella is the reserve driver or not because it's not clear.

EB: We have not used the passive DRS on our car and we don't know yet when we are putting it on the car.

TW: Same for us. As for Daniel, he is part of the DTM line-up. It's something we want to have a close look, that starting from F3 where we have engines into DTM we want to build that platform and really have a ladder for young drivers in the system to grow up into Formula One and obviously putting them in the simulator and educating them properly is something we want to do in the future and Daniel is going to be part of that group of young drivers.

(Ed Krause – Australian Motorsport News) The question goes back to the first question. Given the broadcast model is changing does that mean your revenue models need to change? You sell sponsorship based on bulk viewing essentially through free-to-air. Will you expect that the uptake in revenues from pay-per-view will offset any potential losses or reductions in your actual sponsorship?

MW: I think clearly you would hope that there would be an uplift in revenue from pay-per-view but I think all Formula One teams now have a more complex business model than purely selling the live television audience. We have for some time had to work harder and harder. Advertising has become a more challenging worldwide marketplace. Of course we hope we get some more revenue from pay-per-view. But I think Formula One is a mass audience sport and I think we inevitably have to maintain that. As we just said, we're going through a transition period and people can point to Formula One as maybe making some decisions that are wrong, but actually I think if you take the case of the UK, Formula One really didn't have a choice. The BBC was reducing its sporting budget, Bernie really had to move when he did and I think Sky are doing an excellent job. We've got to work with them, we've got to enhance our show, we've got to look at all the other media platforms outside of television that are increasingly being used and we've all got to work together to do so.

EB: Yes, as you said, obviously as you said the business model today of a Formula One is much more complex maybe than the past, than just selling TV viewerships. If we could get more money from pay TV it would be welcome. It's more complex in looking at the future. I mean football went to pay TV and got huge revenue from pay TV, but I think Formula One, because first its global and this is the only global sport in the world it needs to be something more complex and it's going to take time.

TW: I think it's much tougher today with big sponsors and sponsors leaving the sport is not good for any of us. But we shouldn't talk it down. As Eric said it's the largest global motorsport – sport platform actually – and I think we are just in a terrible environment. It's a long cycle. Big corporations pull out and in a couple of years we will look back and say that was pretty tough. But if you look at the revenue we are having from TV and Bernie's marketing that revenue is going up. So maybe that model is changing and we are going to go more regional. We have seen it in the past where teams are doing regional sponsorship through various channels, through the Internet and classical sponsorship, so the whole model is in a transition but I think it's in a transition to a different maybe better model. It's going to increase the potential revenue streams and as I said before it's just a very tough market at the moment.

For Paul and Jean-Michel at the back. Obviously you're not teams but partners and suppliers for Formula One, so how does this affect you as engine and tyre suppliers?

J-MJ: The only way it can affect us is through the budget of the teams. If the team has got less budget it will be more difficult to find a way to get enough revenue for Formula One to live with engine suppliers, but we have no direct impact.

PH: For ourselves on one level there is an impact because it's a major investment for us to be in the sport and the viewing figures do have a big impact on how we calculate the value of our involvement. Having said that, the other aspect is that it is a unique global platform. As Martin mentioned there is no other sport that has the global cohesion. F1's gone away from a European-based sport to a truly global sport and if we do finally go to Russia, we have another race in the US and there's always talk of something else in Latin America, it is a unique proposition for many people like ourselves, particularly in the automotive world. So it has some value. There are also different channels that we don't really evaluate today. We talk about gaming for example. I've yet to see anyone calculate what's the value of having a brand exposed in gaming. I'm sure that will come soon but there are areas that we will evolve into as a sporting platform that will give us more value than just the classical television audience. Martin's right – most people under the age of 20 don't watch television on a television anymore. That is the way the world is changing. Formula One has an opportunity to be at the forefront of that technology, particularly as it's such a technological sport. We have to look at it from two points of view.

(Ian Parkes – PA) Martin, given that at the end of last season McLaren finished that season with the fastest car, a winning car, what was the thinking with the team over the winter to decide to make so many changes? And secondly, given the team also lost Paddy Lowe over the winter, has that played any part in the team starting the season on the back foot?

MW: Well, answering the last piece first, obviously Paddy was with us through to the launch of the car, so I don't think the Paddy Lowe decision had an impact. I think the primary decision is you make a judgement during the course of last year. We made good development of the car. If you look at our year, in fact we were very strong here in Australia. We didn't make as much progress for a while, and then towards the end we came strong again. We took the view that there is a natural asymptotic profile to development and we felt that if we wanted to have the ability to develop the car between now and the end of the season we needed to make some season. Inevitably when you do that there is some risk involved and that was the judgement we made. We still believe that we've got a platform we can develop. It's a platform we don't know as well as the one we have left. Undoubtedly, if we took last year's

car and just concentrated on that, would we be quicker today? I think, yes we would, today. But would it have the development potential during the year? It was our judgement, we'll see later whether we're right or wrong, but it was our judgement that we needed to make some changes which is what we did.

(Jacob Polychronis – F1plus.com) Martin from a managerial perspective is it easier now at McLaren considering that you no longer have two world champions with the team or was that considered a situation you'd prefer to have?

MW: I think any team wants the strongest driver line-up. We've had various stages in the life and history of McLaren where we've had two world champions and those have usually been interesting and good phases because you have two good drivers. It wasn't managerially a real challenge. Occasionally you have a situation where drivers are near the front and they're competing with one another, if you're in the middle of the pit wall you know if it goes wrong the heat comes on you. You have some uncomfortable moments but overall it's not a bad place to be.

Q: (Kate Walker – Girl Racer) Question for the three of you in the front row: going back to the issue of sponsorship, but away from the broadcasting and TV rights, to what extent has the financial crisis affected your ability to pull in sponsors? We've seen Burn come in, Glaxo Smith Kline, Blackberry but there have also been a few high profile losses. Toto, I'm particularly interested in your response because you've seen this through both Williams and Mercedes. Is there a difference at the front end of the grid to the back?

TW: I think it's – as I said before – a tough environment. I'm in a totally different place than I was last year and it helps to kind of give me a good perspective as to how important it is for us all to push for the sport and not just go flat out in an opportunistic way for ourselves. So yes, the financial crisis and the economic environment has a big impact. If big corporations have to scale down their investment, marketing or sponsorship is probably the first thing that you're looking at, but I guess the sport is in good form and good health. It's cyclical, it's going to come back, maybe in a different way, in a different form, maybe different kind of partners and as you said, we have seen Coca Cola coming into the sport; Blackberry, obviously, with us, has been a very important milestone for the team so I don't feel so depressed for the sponsorship market but we have to be very careful and look at the situation and we can't, as I said before, we can't just look after ourselves, we have to look after all the teams and try to keep the sport healthy.

EB: I think that for me it's a little bit more complex. The world economic situation doesn't help because every company still looks at their budget and obviously how it is spent. The funny thing about the situation is that Formula One is attractive today to a lot of companies and we actually have on our shirts signs of a couple of new sponsors including Coca Cola and Microsoft and Unilever which are big companies and looking at new strategy, and I'm telling you, the global strategy of Formula One – and I'm repeating myself – but it is the only global sport in the world. I think, in our case anyway, the most difficult challenge is to... we have a lot of discussions with sponsors and it's mostly the heritage from the last decade, where you have car manufacturers selling cars and obviously today we are selling Formula One which is a bit different. It's all an educational process which you have to do and go through and go to the new companies which were interested in Formula One and, as you say Toto, the sport is healthy in this way but it's definitely the challenge and we have to be cautious but it will take time to rebuild all the portfolio.

MW: I think our view is that there is still a lot of companies which find Formula One a very attractive sport to invest in but inevitably, if they're going through a tough time, then they're hesitant to come in at this moment. I think we all come across a lot of businesses that would like to come in, they would like to come in at perhaps a rate card that some of the top teams wouldn't support. I think we've got to be very conscious of that but as we said earlier, we've got to make sure we build the show, make sure we work hard at it. The world economy certainly hasn't made it any easier, there's no doubt about that. But I think there's some positive signs in the market at the moment, that people are seeing that Formula One is stabilising, there have been some great World Championships over the last few years. I sense that perhaps we were the last into this recession, we will be the last out of it but I think teams are starting to see better interest in the commodity of Formula One than perhaps we have in the last two or three years where people didn't have confidence because people need to have confidence, need to believe that they're going to be around and survive and be healthy before they invest in Formula One.

Q: (Matt Coch – pitpass.com) To the team principals: we're talking about money almost exclusively here, isn't that a sign that Formula One's excesses have got a little bit excessive? You've got teams at the back spending a million dollars a week where teams at the front are spending four million dollars. Doesn't the whole underlying problem here stem back to the fact that Formula One spends too much money?

MW: Inevitably, if you say we're going to put two cars on the grid 19 times this year and look at the budget, then I think that by most people's... certainly by most people's domestic economics it seems very excessive indeed. But it's driven by the value of success in Formula One because, as we've mentioned already, it's a world sport, it has this great coverage and none of the investors today in Formula One are there for any altruistic motivation, they're there because it makes sense, they get a return on that investment and if they're not, they're not around for long. It's one of those situations. I think Formula One has not been the best environment in which to try and control costs because we're naturally competitive people and you're always trying to find a way forward, find performance, find a way to spend more money. But I do think there is much more discussion about money in Formula One than there needs to be; I don't know how much it interests the audience incidentally, perhaps we talk about it too much. But I think it's clear that if you look at the limitation on the number of engines, the limitations on the number of gearboxes, wind tunnel, cfd restrictions, testing restrictions; all of those things go against the natural inclination of the large teams in Formula One – because they like doing all those things, they like to do them frequently. The fact that we have restricted ourselves quite successfully in those areas, is a demonstration that there is an understanding that the sport has been too excessive in the past and we've got to try and control it, but it's difficult, because you control one space and the sport is very creative and they will find somewhere else to spend the money. It's going to be constant process.

EB: For me I think your question is a bit strange; do we spend too much? It depends on the level of expenditure, obviously, and it's a global sport, successful I think, so obviously success is driving costs. If there are a lot of followers and TV viewers and a lot of people watching across the world it is because they like this sport. I think the real question is how to make sure this sport can last and be sustainable for the long term, rather than do we spend too much or not enough.

TW: If you look at the media value of some of our races, it's huge. I remember I read a figure about Mercedes winning in Shanghai last year and it had a media value of about 60 million for our brand, so the question is that you have to put that in relation:

how much do we spend and how much value do we generate for our partners? I think that ratio is still healthy.

Q: (Dieter Rencken – The Citizen) Question predominantly for Martin, only because you've been in Formula One 21 years or so so I think you've operated under virtually all the Concorde except the first one. If we have a look at the 2008/2009 season, there was no proper Concorde in place. All the parties had agreed to operate under the previous one, so in real terms there was proper procedure, governance, whatever. At the moment there is absolutely nothing, so Sunday's race is the first race for about thirty years running outside of a Concorde Agreement; is that sustainable at all?

MW: Well, I think it's sustainable but it isn't desirable. I think now it's clear that the FIA and FOM are working hard together. I think people are operating largely as though the governance of Concorde is in place. Clearly there are some questions about how some rule changes have happened; is there correct governance? I think at the moment people are resisting the desire to get terribly pedantic so I think in the best interest in the sport, rather than arguing about the detail of a particularly rule change, it's better that we all concentrate on converging upon a Concorde which is clear governance, it gives a clear framework, it gives confidence to investors, it makes the teams know how they are going to operate. Is it sustainable for a few more months? Yes. Is it healthy and the right thing for years to come in the sport? No. But I think there are signs that people are working quite hard now to get to a new Concorde.

Ends