



INFLUENCING UK VOTERS, FORECASTING OUTCOMES AND ASSESSING IMPLICATIONS

FTI Consulting Question Time: Business, Brexit or Broke?

The referendum on UK's membership in the EU is uniting and dividing political parties, businesses and generations like no other since accession into the EEC back in 1975.

What is best for the City and UK businesses was discussed at an FTI Consulting hosted event with a spokesperson from the official campaigns: 'Vote Leave' and 'Britain Stronger in Europe'. With 38 days to go before the UK's referendum on EU membership, key points were debated after the presentation of FTI Consulting's research with UK voters, businesses and Global Institutional Investors.

FTI Consulting's Strategy Consulting & Research team, working with colleagues in Public Affairs, have conducted research with UK voters around their voting intentions, UK businesses to assess the impact upon them and Global Institutional Investors on their investment behaviour.

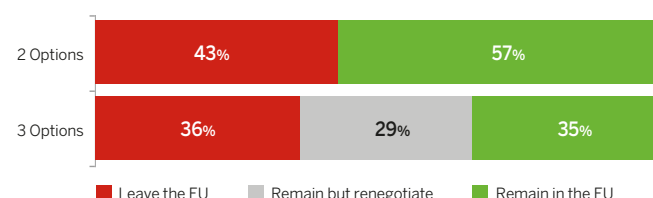
What follows is a highlight of the top 10 research findings.

#1. What is the present vote?

FTI Consulting's research shows that the present level of support to remain in the EU is presently at 57%. However, this result belies the current frustrations with the EU as when we included a third option of 'Remain in but renegotiate', 29% of UK voters were attracted to it and reducing the percentage to 'Leave the EU' to just 36%. This means 64% of UK voters would support remaining in the EU with a renegotiated relationship, but is the time for a renegotiation over?

Graph 1: Key Referendum Question – UK Voters

Q. If the following options were offered, how would you most likely vote in the UK referendum on EU membership. (Please select one response)

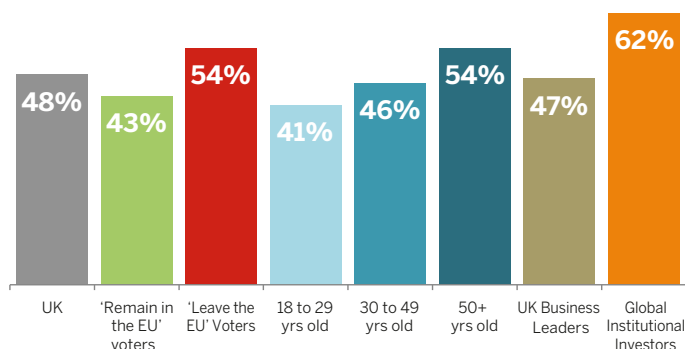


#2. Is out really out?

With such strong support to renegotiate the relationship, we asked what the likely scenario is expected to be should the UK vote to 'Leave the EU'. Surprisingly, less than half of the population (48%) believe Article 50 would be evoked. Article 50 of the Treaty on European Union allows a member state to notify the EU of its withdrawal and obliges the EU to try to negotiate a 'withdrawal agreement' with that state. Even those intending to vote 'Leave the EU', just over half (54%) believe Article 50 will be submitted. This leads to the question, is out perceived to be a watertight out or a substantial leverage for another renegotiation? At the moment, global institutional investors think this is more of a likely outcome than UK voters.

Graph 2: Is Out Really Out – Invoking Article 50

Q. What do you think the percentage likelihood of the UK actually leaving the EU would be (i.e. invoking Article 50)?
(Please select one response)

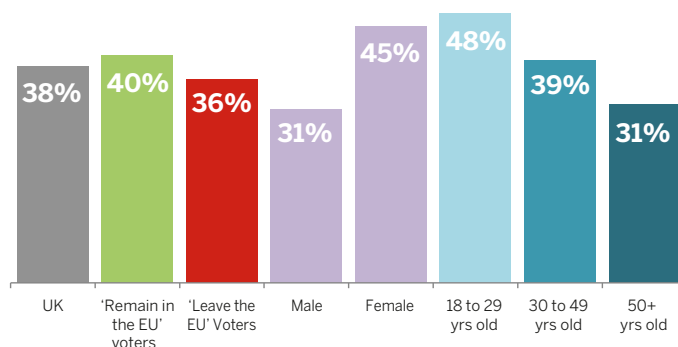


#3. I could still change – swing voters

Polling requires voters to make their minds up on the spot and these results are used to trend results leading up to the big day itself. But the reality is many voters haven't made their minds up when they're asked and don't intend to until they've digested all the communication before the day itself. It's also anticipated that both opposing sides are following the idiom 'keep the powder dry' - to save their key messages until the most important 48 hours when they'll have a final chance to win support. FTI Consulting's research unsurprisingly shows the number of voters who could change their mind to be 38%. Those intending to vote 'Remain in the EU' are more open to potentially changing their vote compared to 'Leave the EU' voters (40% and 36%, respectively). Uncertainty is also split by gender and generation. The younger generation and female voters are presently more likely to consider changing their vote and they're both presently more likely to be supporting the 'Remain in the EU' vote.

Graph 3: Swing Voters

Q. Have you made your mind up which way you will vote in the UK's EU membership referendum? (Please select one response)

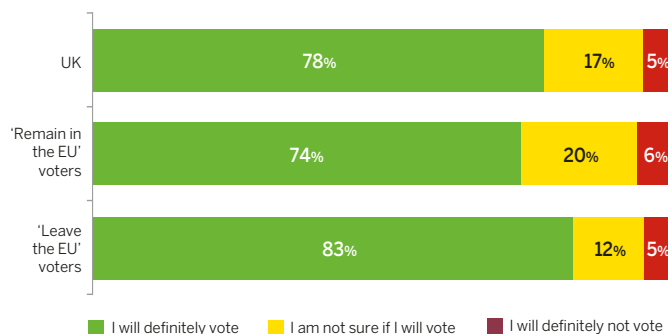


#4. Will they vote at all? – turnout

While the 2015 UK general election turnout was 66%, 77% claim they will definitely vote in the UK referendum on EU membership. Closer to reality, we estimate the turnout will be closer to 67% after taking into consideration the percentage who say they'll vote and who actually do on the day, from our past general election research (i.e. a 'Truth Factor'). However, turnout for referendums can be very unpredictable due to the uniqueness, ferocity of campaigning and emotions involved, as what was witnessed during the 2014 referendum on Scottish independence – an 85% turnout with a new record for any election held in the UK since the introduction of universal suffrage in 1918. Can this UK wide referendum reach similar levels of turnout? This will be an uphill struggle to both motivate and minimise the number of distractions on the day for UK voters, particularly for 'Remain in the EU' voters where 9% fewer claim they will definitely vote compared to 'Leave the EU' voters.

Graph 4: Turnout

Q. How likely or unlikely are you to vote in the UK's EU membership referendum? (Please select one response)



#5. Distractions on the day

Reflecting the resolve of voters to persevere through distractions on the day to cast their vote, we assessed a wide variety of distractions which might transpire on the day to keep them away from the polling booth. A very high distraction was the inability to find their polling card for 25%, despite it not being compulsory to vote and worryingly for the 'Remain in the EU' campaign, 28% claimed this would distract them (8% higher than intended 'Leave the EU' voters). The heavens above can play their part with poor weather on the day distracting 20% of voters. A more earthly distraction could be a busy day at work or at home distracting 22% of voters and once again impacting 8% more 'Remain in the EU' than 'Leave the EU' voters.

Graph 5: I didn't vote because...

Q. How encouraging or discouraging would the following be on your likelihood to vote in the EU referendum?
(Please select one response)

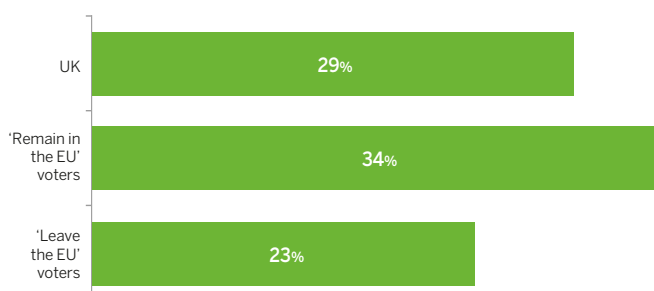
	'Remain in the EU' Voters (% Distracted)	UK (% Distracted)	'Leave the EU' Voters (% Distracted)
Glastonbury taking place	7%	6%	5%
Euro 2016 taking place	12%	10%	7%
Hangover	19%	17%	15%
Waiting time to vote	24%	20%	14%
Poor weather/rain	23%	20%	15%
Busy day at work/home	25%	22%	17%
Can't find polling card	28%	25%	20%

#6. Encouragingly close poll

Polling may have traditionally been seen as a benign assessor of the state of play leading up to an election or referendum, but with the media giving it such prominence it has been elevated to a tool of great influence. FTI Consulting's research shows it also has a role to play in the UK's referendum on EU membership with around 3 in 10 voters (29%) claiming forecasts for a close result would encourage them to vote. This forecast could play a key role in motivating 34% of the generally less motivated 'Remain in the EU' voters, 11% more so than the intended 'Leave the EU' voters.

Graph 6: If it's close, I'll vote – SUM 'Encouraged'

Q. How encouraging or discouraging would the following be on your likelihood to vote in the EU referendum?
(Please select one response)

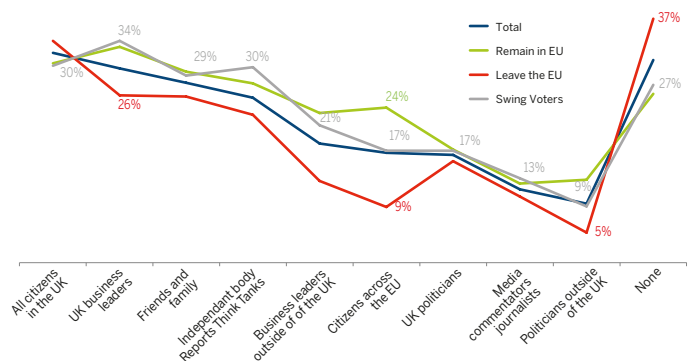


#7. The business of influence

Concentrating efforts on those voters who claim they could still change their minds on how to vote in the referendum, UK politicians may be dismayed to realise that just 17% claim it's influential or reassuring to hear from them, but encouraged they're considered almost twice as influential than politicians outside of the UK with 9%. Instead, UK business leaders assume the mantle as being considered the most influential and reassuring to hear from for 34% (twice as much as UK politicians). However, the challenge facing UK business leaders is choosing the appropriate channels, message and audiences, to mitigate against a possible backlash from those with staunchly opposing views.

Graph 7: Who really is influential or reassuring

Q. Which of the following would be influential or reassuring to hear from during the UK's EU membership referendum campaign?
(Please select all that apply)

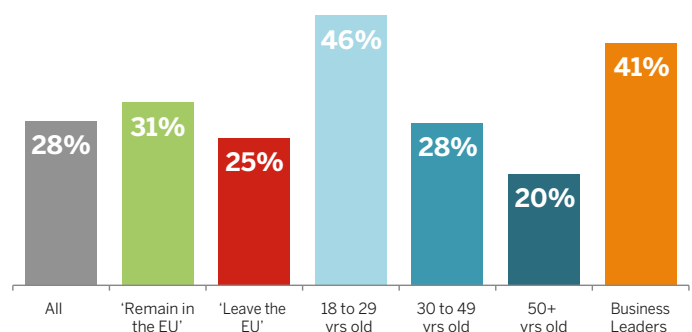


#8. Who is campaigning

Reflecting our research insight the Scottish referendum on independence, FTI Consulting's research shows that millennials (aged 18 to 29 yrs old) and business leaders are intending to actively or passively campaign more so than other profiles. The contrast with Scotland is that both of these profiles are on the whole more likely to be supporting the same side, 'Remain in the EU'.

Graph 8: Getting involved – SUM: Actively or Passively

Q. How involved are (or do you expect to be) in campaigning either actively or passively leading up to the UK's EU membership referendum? (Please select all that apply)

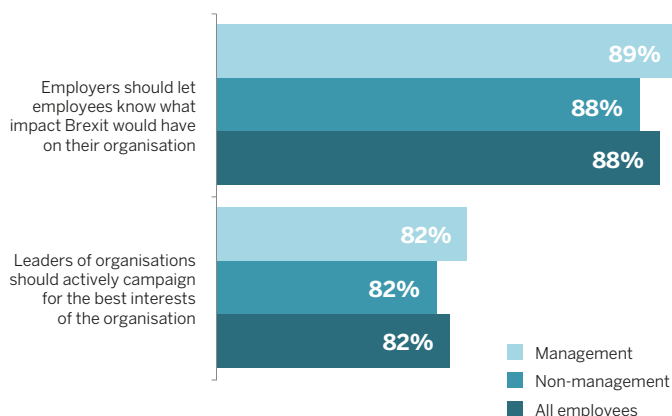


#9. Communicating with employees

Clear communication from employers on the possibility of a Brexit is shown to be an unambiguous requirement from their employees, with almost 9 in 10 (88%) wanting to know what impact a vote to leave the EU would have on their organisation. A similarly high proportion of 82% consider their leaders should also actively campaign for the best interests of the organisation. This opinion is also shared by both management and non-managerial employees.

Graph 9: Boss, what's the impact?

Q. How strongly do you agree or disagree with the following statements? (Please select one column response for each row)



#10. Forecasting with global institutional investors

FTI Consulting also conducted research with global institutional investors from organisations with a total of USD\$7.15 trillion under management, for their views on the impact of a possible Brexit. Although they estimate a 35% probability of a 'Leave the EU' outcome for the referendum, 83% considered there would be a negative impact on the UK attracting investment and 69% estimated the pound sterling would decrease by an average of -7.9% (31% considered there would be either a positive impact or no impact at all).

FTI Consulting conducted a breakfast briefing on 16th May 2016 to help UK business leaders guide a route through the maelstrom of media confusion, how to address their workforce, understand how to influence and predict the outcome. The event was hosted by Daniel Hamilton, with Dan Healy presenting the research findings, and with Gabe Winn representing 'Britain Stronger in Europe', Stewart Paterson representing 'Vote Leave'.

**BRITAIN
STRONGER
IN EUROPE**



Gabe Winn is Senior Business Advisor at Britain Stronger in Europe. Prior to this, he served as Corporate Affairs Director and Director of Communications for Centrica Energy and has held senior roles at Barclays Bank, Energis and Accenture. Gabe holds degrees from the London Business School and University of Bristol. He speaks in a personal capacity.



Vote Leave



Stewart Paterson is a fund manager and economist working in London. After working for Hill Samuel in the early 1990s he moved to India in 1994 and spent the next 12 years living and working in both India and China in the banking industry. In 2007 he moved to Singapore to establish his own asset management company. He returned to the UK in 2012 and is now a partner at Taurus advisers running an Asian focused investment fund.

RESEARCH METHODOLOGY

FTI Strategy Consulting & Research conducted research online with the following 3 groups:

UK general population: A total of n=1,104 respondents representative of the UK adult general population. Research was conducted from 12th to 13th May 2016.

UK full time employees: A total of n=1,645 respondents. Research was conducted from 15th to 18th April 2016.

Global Institutional Investors: A total of n=83 respondents from organisations with a total of USD\$7.15 trillion under management. Research was conducted from 12th to 16th May 2016.

All research was conducted online by FTI Consulting. Further information on the results and methodology can be obtained by emailing dan.healy@fticonsulting.com.

Please note that the standard convention for rounding has been applied and consequently some totals do not add up to 100%

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