Nikola admits prototype was rolling downhill in promotional video



Enlarge / A Nikola video shows the Nikola One prototype rolling down a shallow hill in Utah. Nikola now says it never claimed the truck was driving under its own power.

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When Nikola Motor Company founder Trevor Milton unveiled a prototype of the Nikola One truck in December 2016, he portrayed it as fully functional.

“We will have a chain on the seats to prevent people from coming in just for the safety. I don’t want someone to end up doing something and driving this truck off the stage,” Milton

said. “This thing fully functions and works, which is really incredible.”

In January 2018, Nikola posted a video to YouTube and other social channels called “Nikola One Electric Semi Truck in Motion.” It showed the Nikola One truck moving rapidly along a two-lane desert highway.

But last week, the short-selling investment firm Hindenburg Research published a bombshell report claiming that the Nikola One wasn’t close to being fully functional in December 2016. Indeed, Hindenburg published a 2017 text message exchange in which a Nikola employee stated that the company didn’t resume work on the truck in the months after the show.

Even more incredible, Hindenburg reported that the truck in the “Nikola One in motion” video wasn’t moving under its own power. Rather, Nikola had towed the truck to the top of a shallow hill and let it roll down. The company allegedly tilted the camera to make it look like the truck was traveling under its own power on a level roadway.

Nikola now admits Nikola One didn’t work

On Monday morning, Nikola sent out a lengthy press release titled “Nikola Sets the Record Straight on False and Misleading Short Seller Report.” While the statement nitpicks a number of claims in the Hindenburg report, it tacitly concedes Hindenburg’s main claim about the Nikola One. Nikola now admits that the Nikola One prototype wasn’t functional in December 2016 and *still* wasn’t functional when the company released the “in motion” video 13 months later.

Nikola claims that the gearbox, batteries, inverters, power steering, and some other components of the truck were functional at the time of the December 2016 show. But Nikola

doesn’t claim that the truck had a working hydrogen fuel cell or motors to drive the wheels—the two key components Hindenburg stated were missing from the truck in December 2016.

> *“Nikola never stated its truck was driving under its own propulsion in the video.”*

And Nikola now admits that it never got the truck to fully function. “As Nikola pivoted to the next generation of trucks, it ultimately decided not to invest additional resources into completing the process to make the Nikola One drive on its own propulsion,” Nikola wrote in its Monday statement. Instead, Nikola pivoted to working on its next vehicle, the Nikola Two.

So what about that video of the Nikola One driving across the desert?

“Nikola never stated its truck was driving under its own propulsion in the video,” Nikola wrote. “Nikola described this third-party video on the Company’s social media as ‘In Motion.’ It was never described as ‘under its own propulsion’ or ‘powertrain driven.’ Nikola investors who invested during this period, in which the Company was privately held, knew the technical capability of the Nikola One at the time of their investment.”

Nikola says it’s time to move on

Nikola’s larger point is that the functionality of the Nikola One truck is irrelevant because the company now indisputably has a functional prototype of the truck’s successor, the Nikola Two. The hype around the Nikola One helped Nikola raise funds that it then used to pay more experienced companies, including Bosch and Iveco, to help it design and build its subsequent vehicles. This strategy culminated with last week’s announcement that GM will build Nikola’s Badger pickup truck.

Nikola's fortunes are now tied to the success of the Nikola Two, Badger, and other products. If those products are successful, it probably won't matter that the Nikola One was never drivable.

But the fact that Milton lied when he said Nikola's first truck "fully functions and works" might make investors and customers wonder whether Nikola is exaggerating its current capabilities, too.

The structure of Nikola's deal with GM puts those issues into stark relief. When GM builds the Badger truck for Nikola, it won't use the supposedly groundbreaking battery technology Nikola claims it's working on. Rather, the battery-electric version of the Badger will be based on GM's Ultium battery platform.

Nor will Nikola's trucks be using home-grown hydrogen fuel cell technology any time soon. Not only will GM build a hydrogen version of the Badger based on GM's Hydrotec fuel cells, but GM will also become Nikola's exclusive source of hydrogen fuel cells for Class 7 and 8 semi trucks globally outside of Europe.

So what's Nikola bringing to the table? One of Nikola's key selling points today is that the company has supposedly figured out how to cut the cost of hydrogen fuel from today's market price of around $16 per kilogram to below $4 per kilogram.

That would be a big accomplishment if it were true, since it could enable Nikola to build a network of hydrogen filling stations analogous to Tesla's SuperCharger network. But Nikola has provided few details about this supposed breakthrough. And Milton's history of exaggerating Nikola's capabilities is a reason to view them skeptically.

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