In 1858 the Swedish industrialist Göran Fredrik Göransson was the first in the world to make a successful steel blowing according to the Bessemer method, at the Ekske blast furnace outside Hofors, Sweden. He had bought a part of the patent from the Englishman Henry Bessemer and was able to turn it into industrial production.

In 1862 a new company was founded, Högbo Stål- & Jernwerks AB, a joint venture between a few older iron works in Gästrikland and Dalarna. A new plant was needed for the steel production. As the old iron works of Högbo, with roots dating back to 1634, lacked good communications, space and enough water power, a place next to the lake Storsjön in Gästrikland was chosen for the new steel works: Sandvikens. This enabled direct access to the railway line between the important port city of Gavle and the province of Dalarna. At Sandvikens the first steam driven hammer was started in 1866 (see upper right).

The new company struggled with bad capital resources and had to be reconstructed in 1868 under the new name Sandvikens Jernverk AB. Above you can see the list of investors in 1868. The Göransson family would dominate the company for almost 100 years to come, but there have always been other shareholders as well.

The original share capital in 1868 peaked at 375,000 Swedish kronor, which can be compared to about 17 million Swedish kronor in 2010. Sandvikens Jernverk manufactured for example pipes, tyres, propeller axes, drill steel and simple cast iron. It also supplied the industry in Sheffield, England, with processed Bessemer steel. At the exhibition in Philadelphia, USA, 1876, the trademark "Sandvik" was used for the first time, see illustration to the right. The product range was completed with steel wires for umbrellas (later trademark Sandvik Paragon) in 1876, saw blades in 1886 etc.
Due to fast growing industry and railway construction projects in Sweden, the rest of Europe and North America, Sandvikens Jernverk expanded production and sales heavily during the 1880s and 1890s. One of the first important foreign markets was Russia, but with time sales in Western Europe became more important. Some products were even sold on other continents. Sandvikens Jernverk participated in many industrial exhibitions like Chicago 1892, Milano 1893, Stockholm 1897 and Paris 1900. Not least the one in Stockholm was very important for the establishment of the Sandvik trademark. To the right a photo of the pavilion of Sandvikens Jernverk at the Stockholm industrial exhibition of 1897.

To cope with heavy investments in new types of production and expansion of existing workshops, the share capital was raised twice, from 750,000 Swedish kronor in 1892 to 3 million in 1896. In the same years the turnover was doubled and the net profit fivefolded. After that profit fell, mainly because of many fires in the workshops.

The company suffered from lack of savings for further investments. In 1891 money was transferred from internal funds to the share capital, and a stock of free shares was emitted. Despite these efforts a steady influx of capital was necessary, and in light of this it was a natural step to list Sandvikens Jernverk AB on the Stockholm Stock Exchange in 1901.

1901 was however an unfortunate year with dropped sales, rising raw material costs and falling world market prices. But as a result of the financial operations in the 1890s, the company had improved the longterm economical planning when entering the 20th century.

Above to the right you see the rates of the Sandvikens Jernverk share at the stock exchange between 1901 and 1913. It is not clear whether the figures mean Swedish kronor or Swedish öre, but since the historical money value is so different, the figures are best compared within the table.
During the first half of the 20th century the distribution of shares in Sandvikens Jernverk stayed almost the same. Above you can see the rates of the Sandvikens Jernverk share at the Stockholm Stock Exchange between 1913 and 1923. In the years before the First World War the sales of tubes, part for steam engines and saws grew considerably, especially for armed forces in many European countries.

Sandvikens Jernverk had made lots of investments in the years around 1900, for example in production according to the Martin Method, a new department for electrical equipment and a fourth blast furnace. In 1921 production of stainless steel began. Sandvikens Jernverk made its first international industry investment in a Swiss plant for watch springs and a German plant for razor blades. In the 1930s the company continued its internationalisation and established in many new countries, for example South Africa in 1928. The Sandvik steel became almost an international trademark in itself.

Sandvikens Jernverk had for a long time produced strip steel when recognizing that it could be used for transportation of different kinds. The product name "Sandvikstransportören", later "Sandvik Movator", was born. The Sandvik saws have been an important product since 1886. The handheld saw blade has for many people been the first contact with the Sandvik trademark.

Sandvikens Jernverk managed quite well during the First World War, despite export regulations. In 1912 and 1918 the share capital was doubled twice, in total from 3 to 12 million Swedish kronor. A new mercantilistic law however limited the possibility for non-Swedish citizens to own shares in Swedish companies. During the 1920s the sales and number of employees in Sandviken decreased. In the years around 1930, when great depression struck the world economy and the Kveger empire in Sweden fell apart, the company’s net profit dropped by only about 25 %. In 1930 the share capital was raised again to 16 million Swedish kronor.
The first rock drill in the Sandvik history was delivered to Switzerland in the 1870s, and in the 1920s Sandvikens Jernverk was the world’s largest producer of hollow drill bits with about 5000 tons a year. With Sandviken’s valuable knowledge about this market they started in 1942 to produce drill bits with a new revolutionizing combination of the hard metals wolfram (tungsten) and carbide. Wolfram had originally been used by the German light bulb company Osram, and since the 1930s the Swedish cooperative manufacturer Luna also used it for light bulb threads.

In a unique cooperation starting 1942 Luna delivered tungsten carbide to Sandvikens Jernverk, who called the new hard metal Coromant. Together with the Atlas Diesel (Atlas Copco) light drilling equipment they practically conquered the world market until the 1960s under the name ”The Swedish Method”. The demand for Coromant steel soon became higher than the capacity of the Luna plant, so from the 1950s Sandvikens Jernverk opened own plants solely for Coromant steel production and research.

From 1947 Atlas was responsible for the marketing of the Swedish drills worldwide, and for Sandvikens Jernverk the hard Coromant steel turned out to be a lasting success that delivered high profits decade after decade. In 1978 products based on Coromant steel represented 50% of the invoiced sales and 100% of the net profit of the Sandvik group. The cooperation with Atlas Copco ended in 1989, but Sandvik has remained one of the world leaders in equipment for mining and construction.

Above from left to right an Osram light bulb from the 1940s, followed by a late 1940s’ ad, when Stockholm used Coromant steel for conquering the granite rock in metro construction. Above to the right Coromant drill bits used for the construction of the Mont Blanc tunnel in 1964, and to the right carburization in 1971, part of the advanced manufacturing process of Coromant drilling rods.
In the 1950s Karl Fredrik Géransson, grandson of the founder of Sandvikens Jernverk, was still chairman of the board. The Géransson family owned a key share in the company. But to secure future business and innovation, they realised that new capital was needed for heavy investments. Investments had to be made both in Sandvik and in new plants in other cities, not only to meet high market demands but also to make it easier to find qualified labor.

In 1957 the share capital was raised from 60 to 80 million Swedish kronor to a rate of 120%. A race in buying the new shares began between the Géranssons and an unknown investor, who turned out to be the Swedish investment company Kinnevik. The latter already owned the Korsnäs Marma saw mill outside Gävle and its dominant figure Hugo Stenbeck had the vision of merging Korsnäs and Sandvikens Jernverk to form a powerful competitor to the ancient and Wallenberg dominated group Stora Kopparberg. In 1958 Kinnevik came out as the winner of the race and took over as the dominant shareholder in Sandvikens Jernverk AB.

When the group celebrated its centennial jubilee in 1962 the Géransson family had left the board room, even though they have kept some shares. For Kinnevik, Sandvik was the single most important block of shares for the decades to come, and Hugo Stenbeck was chairman of the board at Sandvik from 1967 until his death in 1977. After a few years of internal feuds over the control of Kinnevik, Hugo’s youngest son Jan Stenbeck inherited his father’s engagement in Sandvik. During the Kinnevik period, Svenska Handelsbanken also acted as a partner in Sandvik.
Spinning wheels, crisis and change of name

In 1964, the Sandvikens Jernverk group had operations in 37 different countries, a figure that increased every year at this time. Between 1960 and 1980 the number of employees outside Sweden increased from about 1500 to more than 17,000. In most of these countries the group had its own local production of drilling equipment, cutting tools and strip steel. The product range included a variety of things from ski poles and letters for type writers to parts for the rocket industry. At the steel production facilities in Sandvik, huge investments were made.

In 1972 the group changed its name to Sandvik AB. The reasons for this are probably best formulated in a part of a memo in December 1971 from the vice president of Sandvikens Jernverk, Carl-Erne Björkergren to the CEO Arne Westerberg. Björkergren argues that the group should be listed on stock exchanges all over the world to secure local capital, and to make the process easier the group should adapt a new shorter name that doesn’t make investors think about heavy steel industry. Sandvik had for a long time developed from an iron works company to a diversified industrial group.

As a result of the structural crisis in the steel industry in the 1970s, not least in Sweden, there were ideas to merge the two Swedish industrial groups Sandvik AB and Fagersta AB. Kinnevik bought a large stock of shares in Fagersta, and at the end of the 1970s the two groups shared the same chairman of the board: the former CEO of Sandvik Arne Westerberg. The merger never happened and in a newspaper interview in 1979, which you can read above, Westerberg shares his doubts.

During the 1970s there was a political movement in Sweden to introduce a new kind of employee funds (Löntagarfonder), who were meant to take over a substantial part of the ownership in larger Swedish companies. This wasn’t partly realised until 1982, but the idea of shares owned by individual employees was much older than the idea of employee funds. Many Swedish companies reacted in the 1970s and 80s by encouraging the employees to buy shares individually.
In the fall of 1983 a period of financial problems for Sandvik culminated in a new ownership battle, this time between Kinnevik and the large Swedish construction company, AB Skanska Cementjuteriet (later Skanska).

Skanska had acquired 11% of the shares and soon had to decide whether to sell the shares to avoid a fight with Kinnevik, or to continue to buy and take control of Sandvik. They chose the latter and obtained a voting strength of almost 25%. The takeover took place at an extraordinary annual meeting in Sandviken in the fall of 1983, when the CEO of AB Skanska, Percy Barnevik, was appointed chairman of the board at Sandvik. The following year Jan Stenbeck and Kinnevik gave up their plans to strike back, and sold their shares. Per-Olof Ericsson was appointed new CEO of Sandvik.

Skanska’s reason for this “midnight raid”, as it was to be known as, was similar to the argument Kinnevik put up 25 years earlier: They had to intervene in Sandvik to secure new capital and enable a fresh start and take the group out of a state of stagnation. In the late 1980s Sandvik recovered from earlier problems and the Sandvik share took off. Sandvik wasn’t a unique case, it shared the good times with a large part of the Swedish industry at that time.
Like the economy in general, Sandvik experienced the critical years of the early 1990s through a smaller order stock and a diminishing profit. At the same time new world markets opened up and Sandvik expanded its own operation to even more countries, for example in Eastern Europe. In 1994 Sandvik acquired the largest manufacturer of hard steel in Russia, the same market they entered in the 1870s. In the same year, 1994, Sandvik opened a hard steel plant in China. The economy improved considerably already in the middle of the 1990s.

In 1997 the Swedish investment company Industrivärdeda acquired a large stock of shares in Sandvik, from Skanska. Industrivärdeda has been a strong owner in Skanska since a long time. In 2010 Sandvik had about 112,000 shareholders spread over 90 countries. The largest shareholder AB Industrivärdeda accounted for about 11.7 %, and other important shareholders are Swedbank Robur Fonder and Handelsbankens Pensionsfond.

Sandvik has proved to be a survivor when compared to many other Swedish industrial groups like Fagersta and Facit. Since the 1980s Sandvik has been one of the most profitable industrial groups with headquarters in Sweden.