When one of you sneezes, he should say "alhamdu-lillāh" (praise be to Allah) and his brother or companion should say to him: "yarhamuk Allah" (may Allah have mercy on you). When he says so to him, the sneezer should reply: "yahdīkum Allah wa yuslih bālakum!" (may Allah guide you and grant you well being)

Abu Hurayrah (may Allah be pleased with him) reported that the Messenger of Allah (may Allah's peace and blessings be upon him) said: “When one of you sneezes, he should say 'alhamdu-lillāh' (praise be to Allah) and his brother or companion should say to him: 'yarhamuk Allah' (may Allah have mercy on you). When he says so to him, the sneezer should reply: 'yahdīkum Allah wa yuslih bālakum!' (may Allah guide you and grant you well being).”

[Authentic hadith] [Narrated by Bukhari]

The Hadīth shows that a Muslim should praise Allah, the Exalted, when he sneezes because the sneezer got a great benefit from sneezing. Sneezing releases the condensed air in one's head which otherwise would have caused serious diseases. Therefore, praising Allah is prescribed for this blessing. Further, anyone who hears someone praising Allah after sneezing should say: ‘yarhamuk Allah’ (may Allah have mercy on you). Then the sneezer should reply: ‘yahdīkum Allah wa yuslih bālakum’ (may Allah guide you and grant you well being). Thus, sneezing benefits both the sneezer and the one who heard him, and this reflects one of the great bounties granted by this religion to the people.

http://www.sunnah.global/hadeeth/en/show/3433